



**Testimony Of Steven Banks, Commissioner Of The New York City Department of Social Services | Human Resources Administration, at the New York City Council's General Welfare and Housing and Buildings Committees on Oversight Three Quarter Housing – October 6, 2016**

Good afternoon, Chairman Levin and Chairman Williams, and distinguished members of both the General Welfare and Housing and Buildings Committees. Thank you for inviting us to appear before you today to discuss Three-Quarter Housing. My name is Steven Banks and I am the Commissioner of the New York City Department of Social Services which oversees the Human Resources Administration as well as the Department of Homeless Services. I am joined today by my colleagues, Director of the Mayor's Office of Operations Mindy Tarlow and Deputy Commissioner of Asset and Property Management at the New York City Department of Housing Preservation and Development Anne-Marie Hendrickson.

HRA is the nation's largest social services agency assisting over three million New Yorkers annually through the administration of more than 12 major public assistance programs including cash assistance, employment programs, food stamps and other supports helping New Yorkers remain in the workforce. HRA also plays a role in the administration of housing programs and services, including individuals with HIV, survivors of domestic violence and supportive housing. And much of our work plays a key role in advancing one of this Administration's chief priorities: reducing income inequality and leveling the playing field for all New Yorkers.

As part of HRA's overall reform effort, we created the HRA Homelessness Prevention Administration. While HRA has always provided some homelessness prevention services, we have now consolidated all of the HRA homelessness prevention programs into a single unit, and most recently, as a result of the Mayor's 90-day review of homeless services, Homebase, which had been administered by the Department of Homeless Services. In addition to Homebase, within HPA, the HRA Early Intervention Outreach Team receives early warning referrals from Housing Court Judges, early warning referrals from NYCHA for tenant arrears cases, Adult Protective Services referrals, and referrals from New York City marshals. This team also works closely with the City's Tenant Support Unit to refer low-income New Yorkers to legal services providers under contract with HRA to help them avert eviction, displacement and homelessness.

Another key component of HRA's homelessness prevention work is rental assistance. Rental assistance programs to keep families and individuals in their homes and help those in shelter exit to permanent housing are both better for families and individuals and more cost-effective for taxpayers. After Advantage – the State-City rental assistance program supporting thousands of families – was cut in 2011, the City's shelter population increased exponentially from about 37,000 to nearly 51,000 between 2011 and 2014. Over the past two years, the new rental assistance programs and other permanent housing efforts have enabled 40,540 children and adults in 13,806 households to avert entry into or move out of Department of Homeless Services (DHS) and HRA shelters.

We have also helped more people with emergency rent assistance, keeping thousands of New Yorkers in their homes. In FY13, HRA provided rent arrears to 42,000 households at a cost of

\$124.1 million. In FY15, HRA provided rent arrears to nearly 53,000 households at a cost of \$180.7 million. The increase in spending of 46 percent has resulted from increased monthly rents that families and individuals have to pay, additional households being found eligible due to the increasing gap between rents and income, and enhanced targeting of these services to prevent homelessness through partnerships with community-based organizations.

From January 2014 through June 2016, about 131,000 households – including about 390,000 people – received emergency rental assistance to help them stay in their homes, averaging about \$3,600 per case, which is much less than the \$41,000 a year for a family in a shelter.

And finally, within HPA, the HRA Office of Civil Justice oversees the City's civil justice services and monitors the progress and effectiveness of these quality free legal assistance programs, a key component of the Administration's plan for addressing the needs of low-income New Yorkers and addressing poverty and income inequality. Providing coordinated homelessness prevention programs, including legal services and rental assistance, is much less expensive than the cost of a homeless shelter. As I testified last week at the hearing on legal services, the Administration has increased funding for legal services to prevent evictions, harassment, and homelessness 10-fold, from \$6.4 million in FY2013 to \$62 million in this fiscal year when the program will be fully implemented. Even before full implementation, we have seen a 24% decrease in evictions by City marshals over the past two years and an increase in legal representation of tenants in Housing Court from 1% as reported for 2013 by the State Office of Court Administration to 27% this year. When this tenant legal services program is fully ramped up, the funding will enable legal services organizations to provide legal assistance to 33,000 low-income households, including some 113,000 New Yorkers.

In our testimony today we will provide an overview of three-quarter housing, the work of the three-quarter housing task force established by Mayor de Blasio, and comments on the bills before the committees today.

### **Three-Quarter Housing**

Three-quarter housing has come into existence over the past several decades as a result of many of the same drivers that are affecting the shelter census: the lack of appropriate substance use and mental health treatment programs, criminal justice system-involved individuals who are discharged to New York City from upstate prisons, the \$215 monthly public assistance rent allowance that has not increased since 1988, stagnant wages, the increasing gap between income and rents, the loss of Single Room Occupancy (SRO) housing units, and a lack of available supportive and low-rent housing units across the City. These are factors that have built up over many years to the point where 56% of New York City residents are paying more than a third of their income for rent and three in ten New Yorkers pay more than 50%; more than 500,000 New Yorkers fell into rent arrears during the past year.

Three-quarter houses are unlicensed and unregulated buildings, generally two- or three-family homes, where many of the City's most vulnerable and economically disadvantaged residents live. Residents include those discharged from psychiatric or substance use treatment programs, those reentering the community after serving time in correctional facilities, and those on public assistance left to find housing with the \$215 state-set monthly shelter allowance. The name

three-quarter house is taken from the view that they exist somewhere between regulated halfway houses and actual homes.

As a vehicle for profit, many operators divide and crowd apartments beyond what is permissible within the building's occupancy limits, which subjects residents to unsafe conditions. In addition, some operators fail to maintain their properties, thereby creating unhealthy or undesirable living environments.

Typically found in low-income neighborhoods across the City, three-quarter houses are sometimes billed as transitional housing facilities that provide residents an opportunity to 'get back on their feet.' Some operators advertise and recruit individuals to their programs with the promise of connections to employment, training, permanent housing, and case management or counseling with the intention that Medicaid benefits will pay for outpatient services. Operators may require that residents abide by a set of 'house rules' which can include vacating the premises during the day, or require participation in off-site substance use treatment programs, regardless of the individual's treatment needs, to increase the operator's profit.

This type of housing is difficult to track; very little data exists on how many three-quarter houses exist in New York City. Unlike, for example, housing facilities for individuals with addiction which are licensed by the state Office of Alcoholism and Substance Abuse Services (OASAS), three-quarter houses do not provide treatment and therefore are not licensed. Operators instead rent rooms, without providing leases, leaving the residents with little to no legal protections. Operators often unlawfully evict individuals without seeking a court order, which results in housing instability and can lead to cycles of relapse and reincarceration.

Many residents within three-quarter houses are low-income and receive outpatient medical care reimbursed by Medicaid. The federal Anti-Kickback Statute prohibits the knowing and willful exchange (or offer to exchange) of anything of value in an effort to induce (or reward) the referral of items or services reimbursed by federal health care programs. Unscrupulous actors target these vulnerable individuals by requiring them to receive substance abuse or other medical treatment from a specific provider in order to receive lucrative kickbacks in violation of federal law. This practice is made worse by the fact that this network of fraudulent referrals often times inhibits individual choice related to healthcare as well as results in interruptions to work schedules and other commitments these residents have as they seek to improve their lives.

To begin to address the problems presented by these houses that have built up over several decades, the City of New York has instituted measures to prohibit referrals of homeless individuals to three-quarter houses. As chair of the General Welfare Committee of the New York City Council, then-Council Member de Blasio introduced legislation, which led to the promulgation of rules of the City of New York to prevent Department of Homeless Services shelters for single adults from referring clients to permanent housing in buildings that meet one or more of a set of detailed criteria with the aim of ending referrals to three-quarter houses.

To begin to address violations of the federal Medicaid law and the Anti-Kickback Statute, in the fall of 2014, as part of the HRA reform efforts, the HRA program integrity unit began working with law enforcement agencies to investigate operators of three-quarter houses that were requiring residents to participate in specific Medicaid-funded drug treatment programs as a condition of living in a three-quarter house. HRA staff developed a metric to begin to identify

three-quarter houses for this investigative and enforcement work. The metric consists of identifying locations at which 10 or more unrelated adults are receiving the \$215 state-set monthly public assistance rent allowance. Within HRA, the Investigation, Revenue and Enforcement Administration (IREA) is responsible for helping ensure the integrity of social services programs administered by HRA, including Medicaid. IREA is comprised of three major operating units: the Office of Investigation, the Office of Revenue and Administration, and the Medicaid Provider Investigations and Audit (MPIA). IREA has been working closely with the New York State Office of the Medicaid Inspector General, the Medicaid Fraud Control Unit within the New York State Attorney General's Office, the United States Department of Health and Human Services' Office of the Inspector General, the Special Narcotics Prosecutor of New York City, the District Attorneys, and other local law enforcement and prosecutorial agencies within New York City to identify and pursue Medicaid fraud involving the operators of three-quarter houses. These strong and collaborative relationships have led to the successful arrest and prosecution of individuals engaged in fraud which not only diverts much needed funding from the Medical Assistance Program but frequently victimizes those most in need of health care services. For example, these collaborative enforcement actions in which HRA has participated include the arrests of Yury and Rimma Baumblyt on charges of Medicaid Fraud and Money Laundering as a result of kickbacks from forcing residents living in three-quarter houses to attend drug treatment programs. Additional investigations are continuing.

I will now turn to my colleague, Mindy Tarlow from the Mayor's Office of Operations to discuss the Three-Quarter Housing Task Force.

### **Three-Quarter Housing Task Force**

Good afternoon members of the General Welfare and Housing and Buildings Committees. My name is Mindy Tarlow and I am the Director of the Mayor's Office of Operations. Thank you for the opportunity to discuss the work of the Three-Quarter Housing Task Force.

In June of 2015, following a New York Times investigation, Mayor de Blasio announced the formation of an interagency task force to review the use of three-quarter houses in New York City and to address a decades old problem. The Mayor's Office of Operations plays a coordinating role in several interagency initiatives including the Three-Quarter Housing Task Force, monitoring the project management and performance management of these programs.

This interagency task force is made up of multiple City agencies, including the Mayor's Office of Operations, the Human Resources Administration, the Department of Housing Preservation and Development, the Department of Buildings, and the Fire Department. The work of the Task Force began with a review of all residences identified by the Human Resources Administration that housed 10 or more unrelated adults who receive the \$215 State-set public assistance rent allowance. In addition to the addresses identified using the HRA metric, we include addresses that come to us from advocates and through 311 complaints. This combination of information has served as a proxy to identify three-quarter houses because there is no registry of three-quarter houses or other means to identify such locations. We acknowledge that there are ways that three-quarter housing operators can conceal their locations from HRA, but this is the best information available to us and it is routinely refreshed by HRA.

Since the launch of the Task Force, inspectors from task force agencies have visited and inspected the locations identified through the information gathering described earlier to determine whether there were health and safety violations. The Task Force has convened regularly for post-inspection discussion and follow-up.

This joint task force inspects each of the buildings with a focus on addressing immediate health and safety issues for residents. These inspections result in a number of actions. For example, when crowding is discovered at individual locations, members of the task force return to the building and conduct voluntary relocations from these sites to bring the building to acceptable safety standards.

Each of the agencies, when appropriate, issues violations and follows up in their standard course of business. For example, serious enough violations result in the agency sending out inspectors to follow up within 30 days. Some conditions are remedied by HPD's Emergency Repair Program (ERP), a program by which HPD completes the repairs on the most serious conditions on a location and bills the building owner for the repair. These conditions are often associated with ensuring that locations have the proper means of egress.

I will turn the testimony back over to Commissioner Banks to discuss the role of HRA in the Task Force, specifically related to the individuals who were voluntarily relocated as the result of the joint task force inspections.

**Results**

As of October 4, the Task Force has conducted 169 inspections, across 95 unique buildings and 428 single adults have voluntarily moved from 44 of these buildings into temporary emergency housing similar to that operated when an individual is relocated due to a fire, an unsafe condition, a gas leak or a natural disaster. At the temporary housing sites there is 24-hour 7-day a week security, and each client is provided with case management services and permanent housing relocation assistance by vendors contracted through HRA.

Case management includes initial and ongoing psychosocial/needs assessments and, as necessary, referrals to substance use, and/or mental health programs or other services. Case management also includes coordination of and assistance in attending treatment and service appointments, including mandated appointments with HRA for those who have an HRA case.

For the 428 individuals voluntarily relocated from three-quarter houses and those in former Narco Freedom locations which had to be closed when that entity ceased operating as a result of a federal court enforcement action, the rehousing program has achieved the following permanent housing placements using the HRA rental assistance programs and other housing assistance.

<b>Placements of Residents by Program and Placement Type</b>			
<b>Permanent Placements as of 10/05/16</b>	<b>Former Narco Freedom Residents</b>	<b>TQH-Relocated Residents</b>	<b>Total</b>
Apartments	37	35	72
Rooms	205	88	295
Other Placement Type	12	14	26
<b>Total Placements</b>	<b>254</b>	<b>139</b>	<b>393</b>

While much has been accomplished in the past 15 months to address the problems associated with three-quarter housing that have built up over several decades, to truly address the complex problems that the Task Force has uncovered, a comprehensive approach by all three levels of government is needed in order to tackle the availability of affordable and supportive housing throughout the New York City.

### **Legislation Before the Committees**

As the committees consider the package of legislation before it today, we want to provide some initial feedback on the bills that impact HRA.

### **Intro 1164 - A local law to amend the administrative code of the City of New York in relation to information regarding unlawful evictions**

Enhancing tenant rights and knowledge pertaining to those rights is of paramount importance to this Administration. As part of the implementation of the ten-fold increase in free legal services, in 2015 we also launched the Tenant Support Unit (TSU), which proactively engages New Yorkers who may be at risk of displacement or harassment. This unit goes door-to-door in neighborhoods across the City, informing tenants of their rights, documenting building violations, soliciting complaints related to harassment and eviction, and making referrals to free legal support whenever necessary.

TSU's specialists have identified and worked with thousands of tenants in need of assistance, resolving their respective issues by connecting them with a range of services from basic repairs to legal representation in housing court.

TSU informs tenants about their rights under rent regulation, helps enroll tenants in SCRIE/DRIE, helps secure rent reductions when tenants are overcharged, prevents evictions in court, keeps New Yorkers in their homes by leveraging HRA resources such as One Shot Deals (OSDs) and gets rental arrears paid through Homebase.

To date, TSU has knocked on 101,542 doors, placed 52,919 calls and attended 624 events across the city to inform tenants of their rights and connect them to resources, including 770 referrals to legal service providers. Out of 4,129 cases, resulting from tenant intakes by TSU through the approaches described above, 2,479 have been resolved, resulting in repairs made, referrals to legal service providers, or referrals to HPD.

We support the intent of Intro 1164, as it aligns with existing efforts of the Administration. We would like to work with the Council regarding the best approach to ensure that clients are able to be better informed of their rights and have proof of payment concerning rent through rental subsidies.

Through AccessNYC, the current system used for clients to obtain information about their public assistance case, those in receipt of rental assistance can now obtain proof of rental payment through the AccessNYC self-service portal. As an alternative to the current approach in the bill, we suggest that it would be more effective to require this rent payment receipt available from AccessNYC to contain a statement explaining that pursuant to local law persons who lawfully

occupy dwelling units for 30 consecutive days or longer may not be evicted without a court order.

**Intro 1166 - A local law in relation to reporting on violations issued to three-quarters houses.**

This bill would require the Human Resources Administration (HRA) to submit to the Council and post on its website a quarterly report that includes the number and type of violations issued to three-quarter houses inspected by the Task Force comprised of inspectors from HRA, the Department of Buildings, the Fire Department and the Department of Housing Preservation and Development.

In partnership with the members of the Task Force, HRA is able to compile some of the information requested in the bill to be included in a report on a quarterly basis. HRA has reported information concerning the findings of the Task Force to advocacy groups with which we have been working. Since the Task Force was formed, I have met regularly with advocates including MFY, Legal Aid, the Tenants Organizing Project (TOP), and Neighbors Together. In these meetings, as we have done today in our testimony, I have provided updates on the number of buildings the Task Force has inspected and voluntary relocations and housing placements.

In addition to this basic information, we are able to report on the number of instances in which the Department of Social Services/Human Resources Administration stopped rent payments to a landlord due to the findings of the three-quarter houses Task Force. HRA currently stops the rent payments of clients relocated by the Task Force.

We cannot, however, identify buildings and violations in such a way that would disclose a building's address because we are required to maintain the confidentiality of clients in accordance with New York Social Services Law §136 and associated regulations.

Overall, we agree with the aim of the bill to track the activity of the Task Force. We have some concerns, however, that some of the reporting requirements related to violations contained within the bill are not clear, and could have unintended consequences resulting in the displacement of residents who want to and can safely remain in their housing. We would like to work with the Council on modifications in order to develop reporting metrics that will be clear and useful, and accurately capture the work of the Task Force.

**Res. No. 1035 - calling upon the New York State Office of Temporary and Disability Assistance to promulgate a rule which would increase the current public assistance rental allowance levels from the existing rates.**

The state-set monthly shelter allowance of \$215 for single adults has not been raised in decades, which has limited the ability of low-income individuals to find suitable and affordable housing. We have been on record in pointing out that the \$215 allowance is a factor in the three-quarter houses problem that has built up over several decades. We have recently received a proposal that Assemblyman Hevesi, Chair of the Assembly Social Services Committee, plans to introduce to address the current state-set shelter allowance. We are reviewing that proposal and look forward to reporting back to the Council regarding how this proposal relates to the shelter allowance and the City programs that we have established to address the gap between rents and income.

I will now turn to HPD for their responses to the other bills before the Committees today.

**Intro 1167 - a local law to amend the administrative code of the City of New York, in relation to time limits on the receipt of relocation services.**

In mid-2015, HPD implemented a new rule changing HPD's relocation payments and services. One change in the new rules, which was carefully considered during the rulemaking process, provides for a 90-day time period for occupants to decide whether or not they wish to apply for relocation benefits. At any point during these 90 days, vacated occupants can apply and, if found eligible, register to enter temporary shelter. Once in shelter they will receive relocation assistance and housing placement services, counseling, benefits advocacy, referrals to other external human services, and independent living workshops. Alternatively, residents can choose to decline shelter and remain with friends, family, or other living situations, but still receive the same relocation assistance and housing placement services.

The decision to limit the amount of time that vacated occupants have to inform HPD of whether they need relocation benefits, including temporary shelter, was informed by our experiences with the prior rule, which did not provide a time limit for applying for relocation benefits, and was made after carefully considering comments and input from the public. In fact, the original proposal of 30 days to apply for benefits in the proposed rulemaking was increased to 90 days in response to public comment.

Intro 1167 would effectively overturn the standard that was adopted after careful consideration and hearing from the public, and revert the Department back to older practices. The Department opposes this legislation because we believe, as our Rule indicated, that 90 days is a reasonable period of time for residents impacted by a vacate order to apply for services. In our experience, once 90 days have passed, vacated occupants who request assistance have most likely experienced another triggering event such as job loss or eviction from a different unit, separate from the vacate event. In order to provide efficient services targeted to the households most in need, there must be a closing date so that the agency can manage and assist those households.

**Intro 1168 - A local law to amend the administrative code of the City of New York, in relation to making it unlawful to mandate medical treatment and expanding who may institute and housing court claim.**

Intro 1168 prohibits owners from conditioning occupancy upon an occupant seeking, receiving, or refusing medical treatment. It provides that a violation of this prohibition can be challenged in housing court. The bill carves out certain state and federal programs that presumably mandate participation in certain treatment programs. We agree that it is important to prevent owners from locking out occupants or committing fraud by mandating participation in unnecessary or inappropriate medical treatments.

HPD is reviewing the introduction for any legal issues raised by state or federal laws that provide similar or overlapping protections for those occupants.

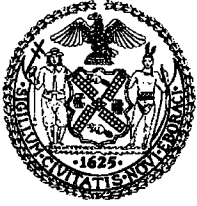


**Intro 1171 - A local law to amend the administrative code of the City of New York, in relation to verification occupancy for relocation services.**

The Department also has concerns with Intro 1171, which seeks to codify the documentation requirements for demonstrating eligibility for relocation benefits. Currently, the Department's Rules allow for a flexible administrative process. HPD has a broad checklist of items that allows us to verify occupancy so that households can receive relocation benefits. Under our current process, we work with each client individually and account for their unique circumstances. We believe that legislating eligibility documentation prevents us from having full flexibility and the ability to change as needed, particularly for the benefit of tenants. We would be happy to share our documentation checklist and discuss our current process with you.

There is an additional reason to limit changes to the relocation provisions of the Administrative Code at this time. There is pending litigation against the Department regarding the relocation liens that are authorized under the statute. The relocation statute provides HPD with authority to place a mechanics lien against the vacated property for the costs of providing temporary shelter to relocates, where the vacate order resulted from owner negligence. At question in the litigation is the length of time that HPD paid for temporary shelter expenses and placed a lien on the property to cover these expenses. Given the impact a Court of Appeals decision is likely to have on the enforceability of HPD's relocation liens and its relocation procedures, we believe it best to wait and assess the outcome of the case before considering legislation amending any provision in the relocation statute. For this reason, we do not support Intro 1171 at this time.

Thank you for the opportunity to testify today and to share the progress of the Three-Quarter House Task Force and to respond to the bills before the committees. We look forward to your questions.



**PUBLIC ADVOCATE FOR THE CITY OF NEW YORK**

**Letitia James**

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**Testimony of the Public Advocate for the City of New York, Letitia James,  
Before the Committees on General Welfare and Housing and Buildings  
October 6, 2016**

Good afternoon. My name is Letitia James and I am the Public Advocate for the City of New York.

I would like to thank Chair Levin and Chair Williams for holding this hearing on these critical issues and inviting me here today to testify.

Every New Yorker, every American, every human, deserves a safe, clean, and decent home. We talk a lot in this City, in this State, and this Country about income inequality and about bridging the divide. But none of that can be done without safe, livable affordable housing.

And for many, housing alone isn't enough. Thousands of New Yorkers living on the precipice of homelessness need supportive services—from mental health services to substance abuse counseling to job training—if they are to stay off the streets or out of jail.

While the City of New York and many reputable service-providers work diligently to give these individuals the care they need, there are also far too many predatory and fraudulent operators who would take advantage of this vulnerable population. They offer cheap beds to single adults and purport to provide services that they never deliver. Because this shadowy housing underworld exists somewhere between a half-way house and a private home, they have become known as “three-quarter houses” and they often represent the opposite of the safe, clean, and decent housing that should be a basic human right.

Three-quarter housing operators pack tenants into dangerous, dirty and overcrowded rooms not fit for human habitation. They force tenants to undergo mandatory drug treatment regardless of need, kick them out during the day to wander the streets, and unlawfully evict them for any reason or no reason at all. They are also known to recruit tenants directly out of jails or psychiatric hospitals, promising services they have neither the capacity nor the desire to provide. Then, once they have the tenants in their grasp, they hold the threat of parole or probation violations over tenants' heads as a cudgel.

Compounding this human tragedy is the fact that taxpayers are the near-exclusive funders of these illegal boarding houses, with rent often paid directly by the HRA. In some cases, the fraud is even more far-reaching with operators demanding that residents engage in unnecessary rehabilitation treatments to be eligible for a bed, and then receive a Medicaid kickback. When residents refuse treatment, they have been thrown on the street with no

notice and no help from the city. For a particularly vulnerable population, this can have devastating consequences. It is time we as policymakers, as citizens as human beings said *enough*. We must stop these abuses and work together to give people real alternatives.

That's why these bills we consider today are so important. I am proud to be the first co-sponsor on Council Member William's bill to make it easier for displaced people to get emergency relocation services from HPD by requiring the Department to accept alternative documentation from people who don't have a lease and prohibiting the denial of services based solely on the word of a landlord. Three-quarter house tenants are often denied relocation services because they do not have leases, utility bills, or other documents that HPD demands as proof that they lived in a vacated building. Worse yet, a landlord who has been operating a shady flophouse is likely to deny all knowledge of a former tenant's existence, leaving tenants without any manner of proof.

Also under consideration today are important pieces of legislation calling on an increase in public assistance rental allowances, educating tenants about illegal evictions, requiring additional reporting on three-quarter house violations, extending eligibility for relocation services, and making it illegal to force tenants to undergo medical treatment. Taken together, this package of bills will help crack down on predatory scammers and give this vulnerable population a real shot at stable housing.

We can no longer tolerate a situation where predatory fraudsters take advantage of people in need and line their pockets from the City's coffers. We must also work together to end the reliance on these houses of last resort and come up with new options. We can do better and we must do better.

I look forward to hearing from the administration on their progress toward ending these abuses and their plan to provide safe, livable alternatives. This is a vitally important issue and I am hopeful that we can work collaboratively toward real solutions.

Thank you again for inviting me here today to testify I look forward to a thoughtful and informative discussion.

WENDY O'SHIELDS TESTIMONY  
THE CITY OF NEW YORK'S  
BASIC INCOME USE TANF FUNDING  
RES. NO. 1035

EMERGENCY PERMANENT HOUSING CRISIS  
INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING

October 6, 2016

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BASIC INCOME USE TANF FUNDING  
RES. NO. 1035

My name is Wendy O'Shields and I'm testifying as a Safety Net Activists. We believe that a Universal Basic Income is needed for all New Yorkers. A Universal Basic Income is a guaranteed income for all New Yorkers. This will guaranteed a Safety Net for everyone's most basic needs.

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**Universal Basic Income**

"Enter universal basic income. Also referred to as "guaranteed income" or the "basic income guarantee," the concept is simple: in order to ensure that all citizens can afford to meet their basic needs, the government provides every citizen with a set amount of money on a regular basis, enough to lift them above the poverty line. This cash income would be universal and unconditional, meaning that every citizen would receive it no matter what — no work requirements, no means-testing and no restrictions on how the money is used." [https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm\\_term=.7b63ecb2a88d](https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm_term=.7b63ecb2a88d)

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EMERGENCY PERMANENT HOUSING CRISIS  
INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING

Three Quarter Houses are illegal in New York State as per the Class B Multiple Dwelling laws. See number #9 lodging houses, rooming houses, boarding houses, furnished room houses, lodgings, and club houses shall be used as **temporary abodes**. In addition, the Certificate of Occupancy and their subsequent Live Loads severely limit who may occupy a Class B Multiple Dwelling and how many human beings may reside in the physical space. Zoning restrictions vary per location and must be checked thoroughly for each Three Quarter House to determine whether they must be relocated.

Three Quarter Houses are illegal in multifamily residential dwellings that is a 1 or 2 family residence and should be immediately shut down.

Please inform the City of New York Department of Homeless Services that it is illegal to place DHS shelter residents into Three Quarter Housing. This is a crime as per Title 31.

Please consider my suggestions to work toward a better and more equitable New York City.

## REFERENCES

### BASIC INCOME USE TANF FUNDING RES. NO. 1035

#### **What is a basic income, exactly? How does it work?**

It's simple, and that's what makes it so powerful.

Set an amount – maybe \$1,000 a month, or \$800 or \$1,500 a month – and have government provide that to every adult American. Everyone gets the same amount, ideally enough to guarantee that people can afford food, clothes, shelter, and other necessities.

We can adjust the amount occasionally when economic conditions require it. State and local governments can supplement it, using local revenues.

This is an income independent of what people earn at a job or through investments, and everyone gets it, no questions asked, either as a direct payment or combined into the tax system. It's economic security for every American.

[http://www.basicincomeaction.org/about\\_basic\\_income](http://www.basicincomeaction.org/about_basic_income)

[Basic Income Action](#)

[@BasicIncomeAct](#)

Basic Income Action Non-Profit

[Washington, DC](#)

[basicincomeaction.org](http://basicincomeaction.org)

#### **Universal Basic Income**

“Enter universal basic income. Also referred to as “guaranteed income” or the “basic income guarantee,” the concept is simple: in order to ensure that all citizens can afford to meet their basic needs, the government provides every citizen with a set amount of money on a regular basis, enough to lift them above the poverty line. This cash income would be universal and unconditional, meaning that every citizen would receive it no matter what — no work requirements, no means-testing and no restrictions on how the money is used.”

[https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm\\_term=.7b63ecb2a88d](https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm_term=.7b63ecb2a88d)

**EMERGENCY PERMANENT HOUSING CRISIS  
INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING**

**NEW YORK STATE THREE QUARTER HOUSING IS ILLEGAL**

**NEW YORK STATE MULTIPLE DWELLING LAW  
ARTICLE 1 INTRODUCTORY PROVISIONS; DEFINITIONS**

§2. **Legislative finding.** It is hereby declared that intensive occupation of multiple dwelling sites, **overcrowding** of multiple dwelling rooms, inadequate provision for light and air, and insufficient protection against the defective provision for escape from fire, and improper sanitation of multiple dwellings in certain areas of the state are a menace to the health, safety, morals, welfare, and reasonable comfort of the citizens of the state; and that the establishment and maintenance of proper housing standards requiring sufficient light, air, sanitation and protection from fire hazards are essential to the public welfare. Therefore the provisions hereinafter prescribed are enacted and their necessity in the public interest is hereby declared as a matter of legislative determination.

9. A "class B" multiple dwelling is a multiple dwelling which is occupied, as a rule transiently, as the more or less **temporary abode** of individuals or families who are lodged with or without meals. This class shall include hotels, lodging houses, rooming houses, boarding houses, boarding schools, furnished room houses, lodgings, club houses, college and school dormitories and dwellings designed as private dwellings but occupied by one or two families with five or more transient boarders, roomers or lodgers in one household.

<https://www1.nyc.gov/assets/buildings/pdf/MultipleDwellingLaw.pdf>

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**1 RCNY §4-01**

**CHAPTER 4 CERTIFICATES OF OCCUPANCY, LIVE LOADS AND OCCUPANCY LOADS**

**§4-01 Posting Requirements.**

(a) A copy of the Certificate of Occupancy indicating the live loads and occupant loads shall be posted within every building for which a Certificate of Occupancy has been issued, except in one and two-family dwellings, and such posted Certificate of Occupancy shall be deemed in full compliance with §27-225 of the Administrative Code. In a commercial or industrial structure for which no Certificate of Occupancy was issued, a sign shall be posted and maintained in a conspicuous place on each floor stating the live loads.

[https://www1.nyc.gov/assets/buildings/rules/1\\_RCNY\\_4-01.pdf](https://www1.nyc.gov/assets/buildings/rules/1_RCNY_4-01.pdf)

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**Coalition for the Homeless**

129 Fulton Street

New York, NY 10038

[www.coalitionforthehomeless.org](http://www.coalitionforthehomeless.org)

**Warehousing the Homeless**

The Rising Use of Illegal Boarding Houses to Shelter Homeless New Yorkers

Written by Lindsey Davis

Edited by Patrick Markee Mary Brosnahan

Special thanks to Diana Olaiwola Brian Morse

January 2008 *Note: Cover photo of 1107 Putnam Avenue, Brooklyn, an illegal boarding house used by the City to shelter homeless adults, and ordered vacated in September 2007*

<http://www.coalitionforthehomeless.org/wpcontent/uploads/2014/06/WarehousingtheHomelessReport2008wAppendx.pdf>

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**DEPARTMENT OF HOMELESS SERVICES  
NOTICE OF ADOPTION OF AMENDMENTS TO  
TITLE 31 OF THE RULES OF THE CITY OF NEW YORK**

Pursuant to §1043(f) of the New York City Charter (the “Charter”), notice is hereby given that the Department of Homeless Services amends Title 31, Chapter 2 of the Rules of the City of New York, pursuant to the authority granted to the Commissioner of the New York City Department of Homeless Services by §612 of the Charter and by Social Services Law §§56 and 61(1). The proposed amendments were published on February 15, 2013. The requisite public hearing was held on March 18, 2013.

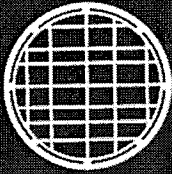
[http://rules.cityofnewyork.us/sites/default/files/adopted\\_rules\\_pdf/permanent\\_housing\\_-\\_f\\_dhs\\_04\\_01\\_13\\_a.pdf](http://rules.cityofnewyork.us/sites/default/files/adopted_rules_pdf/permanent_housing_-_f_dhs_04_01_13_a.pdf)

**2013 Title 31 of the Rules of the City of New York: § Section 2-01: Single Adult Permanent Housing Referral Criteria City of New York Department of Homeless Services**

City of New York Homeless Rights and it is illegal to place Shelter Homeless Residents in Three Quarter Housing, Boarding Houses, and Rooms.

<http://rules.cityofnewyork.us/content/permanent-housing-referral-criteria-single-adults-amended-1>

<http://rules.cityofnewyork.us/print/content/permanent-housing-referral-criteria-single-adults-amended-1>



# SAFETY NET ACTIVISTS

Supported by the Safety Net Project at the Urban Justice Center

**WENDY O'SHIELDS TESTIMONY  
THE CITY OF NEW YORK'S  
BASIC INCOME USE TANF FUNDING RES. NO. 1035**

**EMERGENCY PERMANENT HOUSING CRISIS INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING**

October 6, 2016

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**BASIC INCOME USE TANF FUNDING  
RES. NO. 1035**

My name is Wendy O'Shields and I'm testifying as a Safety Net Activists. We believe that a Universal Basic Income is needed for all New Yorkers. A Universal Basic Income is a guaranteed income for all New Yorkers. This will guaranteed a Safety Net for everyone's most basic needs.

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**Universal Basic Income**

"Enter universal basic income. Also referred to as "guaranteed income" or the "basic income guarantee," the concept is simple: in order to ensure that all citizens can afford to meet their basic needs, the government provides every citizen with a set amount of money on a regular basis, enough to lift them above the poverty line. This cash income would be universal and unconditional, meaning that every citizen would receive it no matter what — no work requirements, no means-testing and no restrictions on how the money is used."

[https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm\\_term=.7b63ecb2a88d](https://www.washingtonpost.com/news/in-theory/wp/2015/09/28/universal-basic-income-a-primer/?utm_term=.7b63ecb2a88d)

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**EMERGENCY PERMANENT HOUSING CRISIS  
INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING**

Three Quarter Houses are illegal in New York State as per the Class B Multiple Dwelling laws. See number #9 lodging houses, rooming houses, boarding houses, furnished room houses, lodgings, and club houses shall be used as **temporary abodes**. In addition, the Certificate of Occupancy and their subsequent Live Loads severely limit who may occupy a Class B Multiple Dwelling and how many human beings may reside in the physical space. Zoning restrictions vary per location and must be checked thoroughly for each Three Quarter House to determine whether they must be relocated.

Three Quarter Houses are illegal in multifamily residential dwellings that is a 1 or 2 family residence and should be immediately shut down.

Please inform the City of New York Department of Homeless Services that it is illegal to place DHS shelter residents into Three Quarter Housing. This is a crime as per Title 31.

Please consider my suggestions to work toward a better and more equitable New York City.



**WENDY O'SHIELDS TESTIMONY  
THE CITY OF NEW YORK'S  
BASIC INCOME USE TANF FUNDING RES. NO. 1035**

**EMERGENCY PERMANENT HOUSING CRISIS INTR. NO. 1166  
ILLEGAL THREE QUARTER HOUSING**

**October 6, 2016**

**BASIC INCOME USE TANF FUNDING RES. NO. 1035  
EXHIBIT A**

**Warehousing the Homeless**

The Rising Use of Illegal Boarding Houses to Shelter Homeless New Yorkers

Written by Lindsey Davis

Edited by Patrick Markee Mary Brosnahan

Special thanks to Diana Olaizola Brian Morse

January 2008

**Coalition for the Homeless Warehousing the Homeless pages 5 & 6**

**What Are “Three Quarter Houses”?**

**In New York City a growing number of small residential buildings – primarily one- and two-family homes – are being operated as illegal boarding houses for homeless and low-income adults. Commonly called “three quarter houses” (a name borrowed from the old term “halfway house”), these residences are overwhelmingly concentrated in low-income, African-American and Latino neighborhoods of central Brooklyn, in particular East New York, Bedford Stuyvesant, Bushwick, and Crown Heights. Some illegal boarding houses are also scattered in low-income areas of the Bronx, Staten Island, and Queens. (Please see the maps included in the appendix to this report.)**

Illegal boarding houses are, by and large, operated in small buildings designated in their certificates of occupancy as one- or two-family homes. However, their operators illegally subdivide rooms and crowd as many as 30 or 40 adults, mostly men, into one house, often packing four to 12 men in bunk beds in sleeping rooms. Illegal boarding houses operate in violation of City building codes and housing maintenance codes, which prohibit illegal conversions.

The operators typically charge residents \$250 per month in rent, the majority of which is directly paid to the operators by the City's welfare agency as part of resident's monthly housing allowance. Residents with Social Security or other disability benefits are frequently charged higher monthly rents. Operators routinely refuse to provide leases and instead offer informal “resident agreements” outlining house rules, many of which violate basic tenancy rights established under New York State law. Although the operators of illegal boarding houses often describe their buildings as “recovery residences,” they offer no support services or treatment programs, despite the fact that many residents are living with mental illness or other disabilities.

<http://www.coalitionforthehomeless.org/wp-content/uploads/2014/04/WarehousingtheHomeless.pdf>



**Testimony of Amy Blumsack, Community Organizer  
Three-Quarter House Tenant Organizing Project**

**In Support of the Three-Quarter House Bill Package:  
Intros 1168, 1171, 1167, 1164, 1166**

My name is Amy Blumsack, and I am the Community Organizer at Neighbors Together, a community based organization and large soup kitchen located in central Brooklyn. Our mission is to end hunger and poverty in the surrounding neighborhoods of Ocean Hill, Brownsville, and Bedford-Stuyvesant. Part of my role at Neighbors Together is to work with our members to effect policy changes that will bring greater stability to their lives and the surrounding community at large. In this capacity, I have spent the last five and a half years organizing tenants of three-quarter houses with the Three-Quarter House Tenant Organizing Project, known as TOP. TOP is a union of current and former tenants fighting for dignified and safe living conditions for people living in three-quarter houses in New York City.

Three-quarter houses, sometimes known as illegal boarding houses or transitional houses, are private homes that rent beds to single adults. Three-quarter houses hold themselves out as programs, although they are unlicensed and unregulated by any government agency. The housing conditions are almost always bad, and often dangerous, yet despite the poor conditions, three-quarter houses provide essential housing of last resort for some of the city's poorest and most vulnerable populations. A vast majority of tenants who reside in three-quarter houses are black or Latino, many of whom are formerly incarcerated, chronically homeless, and are struggling with substance abuse, unemployment, mental illness and other medical issues. Tenants are often discriminated against, socially excluded, and locked out of the mainstream economy due to past involvement in the criminal justice system or their substance use.

Tenants are often referred to three-quarter houses from inpatient substance abuse programs, after being released from prison or jail, or from service providers. Tenants tend to move into three-quarter houses because they are seeking a living situation that will provide them with some stability and assistance in getting back on their feet. Some tenants move into three-quarter houses because they can't afford market rate rent on fixed incomes like public assistance or Social Security. Many tenants move in to three-quarter houses thinking they will be sober living environments with professional, licensed staff, that they will be attending a quality drug treatment program, and that they will receive assistance finding permanent affordable housing. Unfortunately, the reality of these houses is often far from what tenants are told they can expect.

Instead of getting the services and help they need to achieve their goals, three-quarter house tenants are illegally mandated to drug treatment programs not of their own choosing as a condition of

keeping their bed, thereby making them pawns in Medicaid kickback schemes between three-quarter house operators and outpatient substance abuse programs. Tenants, who have real and serious needs such as treatment, housing, and employment, are left to choose between homelessness and keeping a roof over their heads at the cost of their other needs, while three-quarter house operators, capitalizing on holes in government policies and oversight, are making money hand over fist.

What all three-quarter house tenants need is greater stability and support to assist them in achieving the highest levels of health and independence possible. It is for this reason that I and the Three-Quarter House Tenant Organizing Project are here today to advocate for the swift passage of the three-quarter house bill package: Intros 1168, 1171, 1167, 1164, and 1166. These bills would help provide that stability and support to three-quarter house tenants in the following ways:

**Intro 1168** would make it illegal for landlords to mandate treatment at specific outpatient treatment providers and/or doctors. This bill is critical because it will address the unhealthy and fraudulent relationship between three-quarter house operators and outpatient treatment programs. One of the most common aspects of three-quarter houses is that operators mandate attendance at a specific outpatient treatment program as a condition of maintaining your bed. In the time I have been organizing three-quarter house tenants I have seen the ways in which mandated treatment due to illegal kickbacks have harmed people trying to gain stability. One of staple business practices of the notorious three-quarter house operator, Yury Baumblyt, who was profiled in the New York Times expose in late spring of 2015, was to force tenants to attend an outpatient treatment of his choice. He would harass tenants daily, threaten them, wake them up early in the morning to make sure they go to group, and encourage them to use or relapse so that he could continue to receive Medicaid dollars. Narco Freedom, one of the largest three-quarter house operators in the city, was finally shut down for Medicaid fraud and other illegal activity, but not before over a thousand tenants were forced into treatment as a condition of maintaining their beds in the Narco Freedom run three-quarter houses. I have met dozens of tenants who were illegally evicted by Narco Freedom after they completed their mandated treatment program. Under the guise of “discharging” tenants, people were tossed into homelessness exactly when they were starting to get back on their feet, thereby undoing any stability that had been formed over the previous six to nine months. Passing Intro 1168 would help end this kind of egregious abuse of tenants at the hands of three quarter house operators who are looking to make a profit on the back of vulnerable New Yorkers.

**Intros 1167 and 1171** would help do away with restrictions that prevent tenants from accessing HPD relocation services after a vacate order has been placed on their buildings. Frequently, vacate orders are placed on three-quarter houses and tenants don't know until far after the fact. Operators often try to move tenants back in after a vacate order has been placed, in order to keep making money. Tenants may not find out until months later that they were eligible for relocation services. Once a tenant accesses the relocation services to which they are entitled, they are much more stably housed than in when in three-quarter houses and have a chance to work on their other needs such as employment, treatment, education, etc. For these reasons, it's critical that City Council passes Intro 1167 and remove unnecessary time limits on relocation services. Similarly, Intro 1171 would allow

tenants to use a broader variety of documents to prove their eligibility for relocation services. This matters for three-quarter house tenants, who often have no lease of their own, no utilities in their name, and landlords who are unwilling to help them access services.

One of the most common features of three quarter houses is illegal evictions. It is one of the main tactics by which three-quarter house operators ensure a constant supply of new tenants, aka continuing dollars from both public assistance and Medicaid kickbacks. Illegal evictions are also the means by which operators hold control over tenants who stand up for their rights or fight back against abuse. The majority of three-quarter house tenants don't know that they have rights nor how to fight for those rights in housing court. **Intro 1164** would notify recipients of public assistance shelter allowance, and other rental support such as vouchers, of their tenants' rights. This bill would arm tenants with the knowledge necessary for them to protect themselves and fight back against unscrupulous landlords. Providing tenants with this simple information could help stem the tide of illegal evictions, which is a critical piece in preventing increasing homelessness.

**Intro 1166** would require the Mayor's Emergency Taskforce on Three-Quarter Houses to report quarterly to City Council on the number of inspections they've conducted, the violations placed, the number of tenants who have been relocated due to overcrowding, and the type of assistance they received from the city in both rental vouchers and relocation services. As someone who works with three-quarter house tenants daily, it has been an incredible resource to have the Taskforce in place to help inspect buildings with the most egregious violations, and move tenants out to safety. Having access to quarterly updates from the Taskforce would allow the city to continue to collect needed data about the scope of the three-quarter house problem citywide, and to create effective long term solutions based on that data.

Last but not least, **Resolution 1035** calls on the State to increase the public assistance shelter allowance. The three-quarter house industry has thrived in the vacuum that was created by the lack of affordable housing for extremely low income New Yorkers. If the State were to increase the shelter allowance, it would give tenants on fixed incomes a better chance at finding reasonable, safe living conditions.

I urge the City Council to pass Intros 1168, 1171, 1167, 1164, 1166, and Resolution 1035 as soon as possible. The health, safety, dignity and well-being of hundreds of three-quarter house tenants depend on it.

Thank you for your time and consideration,

Amy Blumsack  
Community Action Program Director  
Neighbors Together

If you have any questions or would like more information related to the above testimony, please contact Amy Blumsack at Neighbors Together: 718-498-7256, or [amy@neighborstogether.org](mailto:amy@neighborstogether.org).



**Testimony of TOP Leader Anthony Coleman**  
**Former three-quarter house tenant**  
**In support of three-quarter house bill package:**  
**Intros 1168, 1171, 1167, 1164, 1166, and Resolution 1035**  
**October 6<sup>th</sup>, 2016 1pm**

Good afternoon, my name is Anthony Coleman. I am a leader with the Three-Quarter House Tenant Organizing Project, known as TOP and I am also a former three-quarter house tenant.

I am here today to ask City Council to pass this bill package to help three-quarter house tenants. I myself ended up in a three-quarter house because I needed a roof over my head and couldn't afford the rising cost of rent on a fixed income. At my three-quarter house, there were 25 grown men packed into the house, crammed into rooms with bunk beds. The house itself was in terrible physical condition and it was infested with vermin like roaches, bed bugs and rats. Abuse from our house operator and house manager was a regular occurrence. If we tried to stand up for our rights or make complaints to 311 about lack of heat or hot water, we were threatened with illegal eviction. We were required to attend an outpatient treatment program that the house operator chose, so he could get money in his pocket every time we swiped our Medicaid card. If tenants missed days at program or if they finished their treatment, they were "discharged" which actually the same thing as an illegal eviction. The house pretended like it was a licensed treatment program, purposely fooling tenants, police, and others, all so that they could make money off of the tenants living inside.

I learned about my rights and how they were being abused after I came to my first TOP meeting, and now I organize with TOP so that others don't have to go through what I went through. Thankfully the Taskforce came to my three-quarter house, and I was able to be relocated. Since being relocated by the Taskforce, I no longer worry about bed bugs, roaches, or lack of heat and hot water. I no longer have to worry about my belonging being stolen. I no longer have to worry if I or someone else in my house is going to be thrown out on the street with no notice. I have security and peace of mind today.

**Intro 1166** is an important bill to pass because it would help give greater transparency about the important work the Taskforce is doing by requiring

quarterly reporting to the City Council. This information would help track the size of the problem and help the city continue to create tailored, accurate solutions.

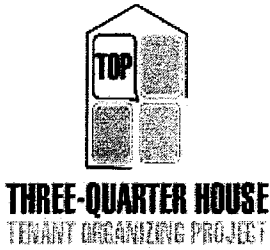
**Intro 1168** is important too- it helps protect tenants from landlords like mine, who illegally forced tenants to attend outpatient treatment programs just so they can get Medicaid kickbacks. It would give tenants a tool to fight back against the abuse that my housemates and I went through by giving us the ability to bring harassment cases in housing court if we are forced to attend specific outpatient treatment programs.

The Taskforce helped me so much, but there are hundreds of other three-quarter house tenants who still need help, and that is why I am asking City Council to pass these bills. These bills would help tenants like myself to gain greater stability, access resources, stand up to abusive landlords and operators, and get rid of the illegal kickback between outpatient programs and three quarter house operators.

Please pass these bills as soon as possible. Hundreds of three-quarter house tenants are depending on it.

Thank you,

Anthony Coleman



**Testimony of TOP Leader Felix Plaza Hernandez**  
**Three-Quarter House Tenant**  
**In support of Intros 1164 and 1168**  
**October 6<sup>th</sup>, 2016 1pm**

Hello, my name is Felix Plaza Hernandez, and I am a leader in the Three-Quarter House Tenant Organizing Project (TOP).

I live in a three-quarter house in East New York. I have lived there for nearly 18 months because I can't find other housing I can afford in New York City. If you aren't familiar with three-quarter houses, they are private homes operated by landlords who are profiting off of the homeless. Tenants get packed into rooms, pay the \$215 shelter allowance (most of the time), and often face serious abuse by landlords and house managers. Tenants are sometimes forced to go to drug treatment programs to keep their housing. This is a system of Medicaid fraud that keeps landlords and drug treatment providers rich. When tenants are no longer profitable enough for landlords, tenants get illegally evicted and become homeless.

When I moved into my three-quarter house it was run by Narco Freedom, which used to be the biggest three-quarter house operator in New York City. Narco Freedom forced me, and all the tenants in my building, to go to Narco Freedom's treatment program. We had no choice. We were told that we would be kicked out of our housing if we didn't go. And they kept their word. I saw several people illegally evicted from the house because Narco Freedom staff accused them of not going to the treatment program.

Narco Freedom officials were indicted for money laundering and Medicaid fraud last year and stopped running the house. A new operator came into the building in September 2015. Soon after, staff accused me of using drugs in the building. They told me I was "discharged," and that I could no longer live in the building. They told me to pack up all of my belongings and leave immediately. I refused to leave, so the house staff called the police. When the police arrived they told me to leave the premises or I would be arrested for trespassing. I was instantly made homeless.

I spent several nights in the street and lost some of my most important possessions. The worst part was that my mental and physical health was put at risk. I am a former drug user. Losing the roof over my head was like losing any stability I had in that moment.

I was luckier than other tenants in this position. I had friends in my house who knew that I had rights as a tenant living in New York City. A friend of mine called MFY Legal Services and I got in touch with an attorney who would eventually help me get back into my house.

If my friend didn't tell me about my rights, I never would have known that what happened to me was illegal. I wouldn't have contacted the lawyer's office and I don't know where I would have ended up – probably in the street or the homeless shelter, but maybe even jail.

No one should feel so powerless in the face of such desperate situations. Because I knew my rights, I was able to fight back and keep myself off the streets. But not everyone is lucky enough to have a friend who knows about tenants' rights. I work with TOP to help spread the word to three-quarter house tenants but we can only do so much.

Intro 1164 would help tenants in similar situations by giving them the information they need about their legal rights before they face eviction. It would inform them of the tenancy rights before they even move in, empowering them to stand up to bad landlords who try to take advantage of people's lack of knowledge. Everyone deserves to know their rights. Intro 1164 would help make sure they do.

Intro 1168 would prohibit landlords like Narco Freedom and others from forcing tenants to get medical treatment just to keep a roof over their heads. Landlords aren't doctors and our healthcare is none of their business!

Please stand with three-quarter house tenants and pass Intros 1164 and 1168! Thank you for taking the time to listen to my story.





**Testimony of TOP Leader Corey Bates**  
**Former three-quarter house tenant**  
**In support of three-quarter house bill package:**  
**Intros 1168, 1171, 1167, 1164, 1166, and Resolution 1035**  
**October 6<sup>th</sup>, 2016 1pm**

Good afternoon. My name is Corey Bates and I am a leader in the Three-Quarter House Tenant Organizing Project, also known as TOP.

TOP is a tenants union made up of current and former three-quarter house tenants, building a movement for fair and just treatment of tenants. On behalf of TOP, I want to thank the General Welfare Committee Chair Stephen Levin, the Housing Committee Chair Jumaane Williams, and the other members of this committee for the opportunity today to provide testimony.

I lived in a three-quarter house in East New York. If you aren't familiar with three-quarter houses, they are private homes operated by landlords who are profiting off poor people in need of housing. Landlords cram 4-8 adults in each room, physical conditions are awful, and tenants face abuse and harassment from house staff. Mass incarceration and the drug war have been the founding blocks of the three quarter house industry. In my house, almost everyone had been touched by the justice system or harmed by bad drug policies that targeted communities of color.

Tenants in three quarter houses face a total imbalance of power in the face of their landlords or house managers. We arrive there, often with nowhere else to go. Our landlords let us believe that we've signed away our rights when we sign "program" agreements. Landlords often require that tenants attend a specific substance abuse treatment program or doctor in order to keep their bed. Every time a tenant attends the program, the operator receives a kickback from the treatment program from the Medicaid reimbursement. This is a system of Medicaid fraud that keeps landlords and drug treatment providers rich. When tenants are no longer profitable enough for landlords, tenants get illegally evicted and become homeless.

From October 2014 through July 2015, I was a tenant in a three-quarter house run by Yury Baumblyt who was one of the most well-known and exploitative three-quarter house operators. You may have read about his predatory practices in New York Times.

As soon as I moved in to Yury's house, I was told I would have to attend treatment if I wanted to keep my bed, even though I've never had a problem with drugs or alcohol in my entire life. Every day Yury would come to the house early in the morning to wake tenants up to ensure they would get to the outpatient treatment program and bring back their slip. If we missed a day because we were sick or had a job interview, we were forced to attend make up sessions on the weekends. Having to attend program 4-5 days per week made it next to impossible to hold a full time job.

I saw many of my housemates be thrown out on the street with no notice for missing days at the outpatient treatment program. Even when my housemates attended regularly and did everything Yury asked, once they ran through their billable Medicaid treatment, they were discharged. Let me be clear that "discharge" is simply another way to say illegal eviction. As soon as the old tenant was out on the street, Yury would bring in someone new whose Medicaid was still accessible. Yury even encouraged his tenants to relapse in order to keep the Medicaid money flowing.

These kinds of abuses are the exact reason why City Council must pass Intro 1168 this year. Intro 1168 would make it illegal for landlords to determine where their tenants received medical services. This would immediately do away with the money making incentive to set up illegal kickback schemes between three-quarter house operators and substance abuse programs. It would also help tenants exercise their right to choice in treatment without the risk of being made homeless.

Pass Intro 1168 by the end of this year, and help thousands of tenants avoid homelessness and remain stably housed.

Thank you for your time,

Corey Bates

Testimony of  
Coalition for the Homeless  
And  
The Legal Aid Society

On

Oversight – Three-Quarter Housing

Presented before

The New York City Council  
Committee on General Welfare  
Committee on Housing and Buildings

Giselle Routhier  
Policy Director  
Coalition for the Homeless

Joshua Goldfein  
Staff Attorney  
The Legal Aid Society

October 6, 2016

Coalition for the Homeless and the Legal Aid Society welcome this opportunity to testify before the Committees on General Welfare and Housing and Buildings regarding oversight on three-quarter houses.

### **Homelessness in NYC and the Growth of Three-Quarter Housing**

New York City remains in the midst of the worst homelessness crisis since the Great Depression. In August 2016, an all-time record 61,464 men, women, and children slept in shelters each night. Homelessness among single adults has doubled since the Great Recession, with over 14,000 single men and women now sleeping in New York City shelters each night. With shelters bursting at the seams and thousands more people bedding down in subways, parks and other public spaces, the City must enact proven solutions that end homelessness and keep individuals stably housed.

The problem of three-quarter houses goes back over a decade and has exacerbated homelessness and housing instability among the most vulnerable individuals. Three-quarter houses are typically one or two-family dwellings that have been converted to boarding houses by cramming bunk beds into every corner of the building – sometimes upwards of 50 beds in one house. These dwellings are characterized by the following conditions: Illegal occupancy, extreme overcrowding, persistent health and safety violations, failure to acknowledge tenancy rights, fraudulent use of public benefits by operators, and serious fire safety hazards.

Under the previous mayoral administration, direct referrals of homeless individuals to three-quarter houses posed an ongoing problem for many years, with the safety and stability of homeless individuals at risk. Homeless individuals placed in three-quarter houses often cycled in and out of the shelter system and received no support in reporting illegal conditions or asserting tenancy rights. After years of advocacy by Coalition for the Homeless and the Legal Aid Society, in 2010 the Department of Homeless Services promulgated a rule prohibiting shelters from referring adults to illegal three-quarter houses. However three-quarter houses still receive referrals and placements from other sources, including jails and prisons, institutional care facilities, and drug treatment programs, and many residents of three-quarter houses still struggle with homelessness and criminal justice involvement.

### **City Council Intros 1164, 1166, 1167, 1168, and 1171**

Coalition for the Homeless and the Legal Aid Society support this package of bills as a step forward in curbing the abuses of unscrupulous three-quarter house operators and helping existing tenants assert their rights and access more stable housing resources.

- Intro 1164 would require HRA to send information about tenancy rights to all recipients of the public assistance shelter allowance. This bill would provide a basic level of education about tenants' rights to those most at risk of illegal eviction and could allow individuals to access homelessness prevention resources before becoming homeless. This bill would build on the City's already-extensive efforts to prevent homelessness and provide legal assistance to low-income New Yorkers.

- Intro 1166 would require the City's Task Force on Three-Quarter Housing to publicly report on its activities. This bill would provide public oversight about the City's efforts to curb the use of these illegal dwellings.
- Intro 1167 would remove the 90-day deadline for vulnerable tenants to establish their eligibility for relocation services from HPD. HPD is required by law to provide emergency relocation services to people who are displaced from their homes by City-issued vacate orders, including three-quarter house residents. HPD emergency relocation services are often an individual's last, best chance to move into stable housing. Last year, over nearly universal objection by tenants and advocates, HPD adopted a rule automatically denying relocation services if a displaced person applies more than 90 days after the date of the vacate order. Many three-quarter house residents pursue alternatives to shelter when they are displaced before seeking HPD's help. Removal of this deadline would open access to vital housing resources for many individuals who make initial unsuccessful attempts to find alternative solutions to homelessness.
- Intro 1168 aims to prevent unscrupulous and abusive landlords from profiting from referrals to substance abuse treatment programs that may not be suitable for an individual tenant's needs. The intro would thus prevent hundreds of adults from being forced into treatment that is neither effective nor necessary for fear of losing their housing.
- Intro 1171 would expand the types of acceptable documentation of residency that HPD must accept when someone is applying for emergency relocation services. We have seen many clients who were denied relocation services by HPD on the basis that they did not have the sort of lease a tenant in a more traditional apartment setting might be able to present. Three-quarter house tenants are almost never offered such documents by their landlords.

We thank the Council for the opportunity to testify and for your work on curbing the abuses of three-quarter houses. We look forward to working together on our mutual goal of ending homelessness in New York City.

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## **About Coalition for the Homeless and The Legal Aid Society**

Coalition for the Homeless: Coalition for the Homeless, founded in 1981, is a not-for-profit advocacy and direct services organization that assists more than 3,500 homeless New Yorkers each day. The Coalition advocates for proven, cost-effective solutions to the crisis of modern homelessness, which now continues past its third decade. The Coalition also protects the rights of homeless people through litigation involving the right to emergency shelter, the right to vote, and life-saving housing and services for homeless people living with mental illness and HIV/AIDS.

The Coalition operates 11 direct-services programs that offer vital services to homeless, at-risk, and low-income New Yorkers. These programs also demonstrate effective, long-term solutions and include: supportive housing for families and individuals living with AIDS; job-training for homeless and formerly-homeless women; and permanent housing for formerly-homeless families and individuals. Our summer sleep-away camp and after-school program help hundreds of homeless children each year. The Coalition's mobile soup kitchen distributes over 900 nutritious meals each night to homeless and hungry New Yorkers on the streets of Manhattan and the Bronx. Finally, our Crisis Intervention Department assists more than 1,000 homeless and at-risk households each month with eviction prevention, individual advocacy, referrals for shelter and emergency food programs, and assistance with public benefits as well as basic necessities such as diapers, formula, work uniforms and money for medications and groceries.

The Coalition was founded in concert with landmark right to shelter litigation on behalf of homeless men and women in *Callahan v. Carey* and *Eldredge v. Koch* and remains a plaintiff in these now consolidated cases. In 1981 the City and State entered into a consent decree in *Callahan* through which they agreed that, "The City defendants shall provide shelter and board to each homeless man who applies for it provided that (a) the man meets the need standard to qualify for the home relief program established in New York State; or (b) the man by reason of physical, mental or social dysfunction is in need of temporary shelter." The *Eldredge* case extended this legal requirement to homeless single women. The *Callahan* consent decree and the *Eldredge* case also guarantee basic standards for shelters for homeless men and women. Pursuant to the decree, the Coalition serves as court-appointed monitor of municipal shelters for homeless adults, and the City has also authorized the Coalition to monitor other facilities serving homeless families.

The Legal Aid Society: The Legal Aid Society, the nation's oldest and largest not-for-profit legal services organization, is more than a law firm for clients who cannot afford to pay for counsel. It is an indispensable component of the legal, social, and economic fabric of New York City – passionately advocating for low-income individuals and families across a variety of civil, criminal and juvenile rights matters, while also fighting for legal reform.

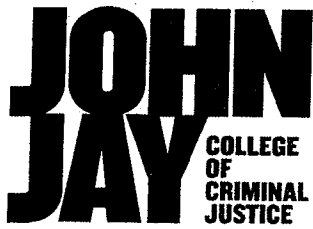
The Legal Aid Society has performed this role in City, State and federal courts since 1876. It does so by capitalizing on the diverse expertise, experience, and capabilities of more than 1,100 lawyers, working with some 800 social workers, investigators, paralegals and support and administrative staff. Through a network of borough, neighborhood, and courthouse offices in 26

locations in New York City, the Society provides comprehensive legal services in all five boroughs of New York City for clients who cannot afford to pay for private counsel.

The Society's legal program operates three major practices — Civil, Criminal and Juvenile Rights — and receives volunteer help from law firms, corporate law departments and expert consultants that is coordinated by the Society's Pro Bono program. With its annual caseload of more than 300,000 legal matters, The Legal Aid Society takes on more cases for more clients than any other legal services organization in the United States. And it brings a depth and breadth of perspective that is unmatched in the legal profession.

The Legal Aid Society's unique value is an ability to go beyond any one case to create more equitable outcomes for individuals and broader, more powerful systemic change for society as a whole. In addition to the annual caseload of 300,000 individual cases and legal matters, the Society's law reform representation for clients benefits more than 1.7 million low-income families and individuals in New York City and the landmark rulings in many of these cases have a State-wide and national impact.

The Legal Aid Society is counsel to the Coalition for the Homeless and for homeless women and men in the Callahan and Eldredge cases. The Legal Aid Society is also counsel in the McCain/Boston litigation in which a final judgment requires the provision of lawful shelter to homeless families.



**PRI PRISONER REENTRY  
INSTITUTE**

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**Testimony of Alison Wilkey, Esq., Policy Director at The Prisoner Reentry Institute at John Jay College of Criminal Justice at the hearing on Oversight: Three-Quarters Housing of the New York City Council's Committee on Housing and Buildings and Committee on General Welfare -- October 6, 2016**

Good afternoon, Councilmembers. My name is Alison Wilkey and I am the policy director at the Prisoner Reentry Institute (PRI) at John Jay College of Criminal Justice. The mission of PRI is to spur innovation and improve practice in the field of reentry by advancing knowledge; translating research into effective policy and service delivery; and fostering effective partnerships between criminal justice and non-criminal justice disciplines.

PRI has a multi-faceted, multi-year focus on housing for the growing number of people with criminal records. PRI's work recognizes the link between homelessness and incarceration and the impact that both have on family preservation, health and well-being, and on re-offending. Working in partnership with community organizations, PRI's reentry housing work has focused on reducing barriers to obtaining and maintaining stable, quality housing experienced by people who have had contact with the criminal justice system.

Everyone deserves a safe, stable place to live that supports access to opportunity. Too often, individuals with criminal records face closed doors as they try to secure housing. Lack of stable housing is both a cause of involvement in the criminal justice system, and a consequence of it. Discrimination, scarcity, affordability, and policy limitations put stable housing out of reach for many people with criminal records.

The proliferation of Three-Quarter Houses is a symptom of the failure of other housing systems and supports. These failures push formerly incarcerated people into unsafe, unstable, and illegal housing options. As detailed in PRI's 2013 report, *Three-Quarter Houses: A View from the Inside*,<sup>1</sup> government agencies and contractors often refer formerly incarcerated individuals to three-quarter houses because there are no other options. The barriers to housing impact a range of people: men, women, families, those released from prison, those who are detained and incarcerated at Rikers Island. PRI is engaged in research on women in the New York City justice system and in FY2015, 756 women reported being homeless at the time of admission to Rikers Island.<sup>2</sup>

We applaud the City Council members for holding this hearing and sponsoring the bills to address these issues. The City Council is a leader in criminal justice system reform and creating access to opportunity for all New Yorkers. These bills are another example of this leadership,

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<sup>1</sup> *Three Quarter Houses: The View from the Inside*. Prisoner Reentry Institute at John Jay College of Criminal Justice. October 2013.

<sup>2</sup> *Id.*



and moving them forward represents another step toward ensuring access to stable housing and promoting successful reentry.

We also appreciate the efforts of the Mayor and the Human Resources Administration for creation an emergency task force to address conditions at three-quarter houses, and the task force's work to move those in unsafe conditions into subsidized, permanent housing. These bills are a logical extension of the laudable accomplishments thus far.

Intros 1164, 1166, 1167, and 1168 address the existing issues with Three-Quarter Houses in unique in and important ways. These bills:

- empower individuals by educating them about their rights when they receive a shelter allowance,
- educate the public by requiring ongoing data reporting about Three-Quarter Houses,
- remove the practical barriers to accessing existing services by allowing alternative documentation for emergency relocation services; and
- bar unscrupulous landlords from taking advantage of formerly-incarcerated individuals who have no other housing options, by coercing them to participate in treatment.

While addressing the issues in Three-Quarter Houses, we must also continue work to erase the multitude of barriers that preclude people with criminal histories from accessing other housing options. Public, supportive, affordable, and market housing systems are not adequately meeting housing needs of individuals with criminal records; these failures funnel people into Three-Quarters Houses. Together with the New York City Housing Authority's (NYCHA), we must continue reform of the public housing authorities' practice of permanent exclusion and bring the existing its reentry housing program to scale. PRI coordinates a working group to address the termination policies for tenants who are arrested. Over 5,000 individuals are on the permanent ban list, even though they may pose little risk of reoffending—and stable housing and family support would further reduce that risk—and are barred from contributing to the care of their families and communities.<sup>3</sup> We support NYCHA's ongoing efforts to change this policy, though we remain concerned about the significant increase in permanent exclusion cases so far this year.

There is also an overwhelming need for supportive housing designed specifically to serve those involved in the criminal justice system as a special population. Supportive housing provides stable housing and supportive services tailored to the need of each individual. Unfortunately, past supportive housing efforts have short-changed those with criminal justice system involvement. New commitments from the City and the State must target those with criminal justice histories as a specific population to ensure that this proven, cost-effective option is available for vast number of individuals and families that would benefit.

In private market housing, there are no laws protecting individuals with criminal records from discrimination in housing decisions. Unlike in the employment arena, where the Human Rights Law and the Correction Law prohibit outright discrimination and provide guidance for evaluating applicants with criminal records, there are no such laws for housing. People denied housing

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<sup>3</sup> Ramey, Corinne. "Permanent Ban Policy in Public Housing under Review." *Wall Street Journal* (New York City), May 27, 2016.

because of their criminal record—no matter how attenuated or unrelated to tenancy—have no recourse under City and State laws.

Additionally, PRI supports Resolution 1035, calling upon the New York State Office of Temporary and Disability Assistance to promulgate a rule that would increase the current public assistance shelter allowance amounts in New York City. Increasing the shelter allowance is a commonsense adjustment reflecting the economic reality of the housing market in New York City.

Stable, quality housing is central to successful reentry and central to being a thriving member of society. Housing is the linchpin to accessing economic and social opportunity, a vital precursor to employment, education, maintaining sobriety, and avoiding rearrest. These bills are an essential piece of the broad work needed to ensure equality, justice, and opportunity for all.

Thank you for the opportunity to testify today.



Joint Committee Hearing with

New York City Council Committee on Housing and Buildings  
Jumaane D. Williams, Chair  
New York City Council Committee on General Welfare  
Stephen Levin, Chair

October 6, 2016

Gay Men's Health Crisis, Inc. (GMHC) is the world's first nonprofit provider of HIV/AIDS prevention, care, and advocacy. Supported by a FY 2016 operating budget of \$26.7 million, GMHC serves over 10,000 clients every year and offers a full-spectrum of social support and stabilization services to address client needs at all stages of the HIV treatment cascade and to mitigate barriers to health, stability, and well-being. These services include HIV and STD testing, legal services, housing, mental health and substance abuse counseling, case management, and benefits counseling.

Stable housing allows people living with HIV/AIDS to access comprehensive healthcare and adhere to complex HIV/AIDS drug therapies. Housing is also the greatest unmet service need of people living with HIV/AIDS. 1.2 million individuals are living with HIV/AIDS in the United States and half (600,000) will need housing assistance at some point. At GMHC, a recent survey of our clients determined that housing was their greatest concern.

The current state of the city's three-quarter house program is of great concern to GMHC because of the risks fostered by unstable living conditions and inadequate supportive services. Homelessness and unstable housing are linked to greater HIV risk, inadequate care, poor health outcomes and early death. In addition, individuals impacted by substance abuse are regularly targeted by three-quarter house operators and we know that injection drug use is one of the causes of HIV in the United States and is responsible for approximately 10% of HIV cases annually.

Within three-quarter houses, the threat of or actual illegal evictions are used to prevent tenants from standing up for their rights. In many cases, once a tenant has exhausted his or her Medicaid benefits for outpatient treatment, operators use illegal eviction as a tactic to vacate that tenant's bed so they can bring in a new tenant who has billable Medicaid benefits. During this time, residents are not gaining access to the vital support services they need and deserve, which in some cases including linkage to care, substance abuse counseling, case management, job training, legal services, and adequate nutrition.

By putting anyone living with HIV into these types of unstable housing situations, they are more likely to have lower CD4 counts and less likely to have an undetectable viral load; more likely to delay entry into care or remain outside of care; and more likely to remain uninsured and utilizing the ER.



Thanks to the hard work of the Three-Quarter House Tenant Organizing Project (TOP) and Council Members Torres, Williams, Johnson, and Richards, a package of legislation to protect three-quarter house tenants has been drafted and introduced.

GMHC supports these common sense bills, which will:

- Make it illegal for private landlords to threaten eviction or retaliation for tenants' medical treatment choices. Landlords are not doctors or social workers and they have no business interfering with tenants' medical or mental health treatment plans. (Intro. 1168)
- Require the city's three-quarter house Task Force to submit to the Council and post on its website a quarterly report that includes the number and type of violations issued to three-quarters houses. (Intro. 1166)
- Eliminate the deadline to apply for HPD relocation services. When a vacate order is issued, three-quarter house tenants are often unaware that they can apply for relocation services until long after they are vacated. (Intro. 1167)
- Expand the types of acceptable documentation of residency that HPD must accept when someone is applying for relocation services. Many three-quarter house tenants do not have the required documentation to be eligible for these services. (Intro. 1171)
- Require HRA to provide rental subsidy recipients with a written "know your rights" handout explaining the rights of tenants who occupy dwelling units for 30 consecutive days. This is especially important for three-quarter house tenants, as operators are known for flagrantly illegally evicting tenants.

While passage of these bills is critical for the short term, we must also acknowledge the deeper problem that allow three-quarter houses to exist -- the severe shortage of truly affordable housing. While local and state government have made significant strides in the affordable housing quest for those living with and affected by HIV/AIDS, most notably the recent expansion of housing rental assistance from the HIV/AIDS service administration, there is still much more work to be done.

In closing, these bills will strike a critical blow against exploitation and prevent future tenants from having to choose between health and home.

**Contact:**

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Director of Policy and Public Affairs at GMHC  
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**New York City Council Committees on General Welfare and Housing and Buildings  
Oversight - Three Quarters Housing  
October 6, 2016**

**Testimony of Homeless Services United respectively submitted by  
Catherine Trapani  
Executive Director  
212-367-1539  
[ctrapani@hsunited.org](mailto:ctrapani@hsunited.org)**

Homeless Services United (HSU). HSU is a coalition of over 50 non-profit agencies serving homeless and at-risk adults and families in New York City. HSU provides advocacy, information, and training to member agencies to expand their capacity to deliver high-quality services. HSU advocates for expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers.

Homeless Services United's member agencies operate hundreds of programs including shelters, drop-in centers, food pantries, HomeBase, and outreach and prevention services. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

On behalf of HSU, I would like to thank the City Council for holding this hearing and for your efforts to protect tenants of Three Quarter Houses who are so often subject to dangerous conditions and abusive landlord practices. The Council has correctly identified steps necessary to minimize the harms caused by Three Quarters Housing by:

- 1) Measuring the scope of the problem as per reporting requirements outlined in Intro 1166-2016
- 2) Ensuring tenants are aware of their rights to avoid unlawful evictions as outlined in Intro 1164-2016
- 3) Giving tenants adequate time to and are able to qualify for resources to relocate without losing access to assistance as outlined in Intro 1167-2016 and Intro 1171-2016 and
- 4) Ensuring that no tenant is required to undergo medical treatment to maintain residence in their housing.

Your efforts to protect the basic rights of persons living in such places is an important step to reduce harm to these tenants, but we must go further. It is essential that the City come up with viable alternatives to Three Quarters Housing so that no one has to live in such conditions at all. It is incumbent upon us to examine the structural issues that contributed to the creation of Three Quarters Houses in the first place and examine ways to negate the need for this housing type altogether.

When local communities pushback against siting new purpose-built shelters, the City must make do with temporary fixes to meet the immediate need. We urge the City Council to engage with DHS and their local community districts to have a meaningful dialogue when new shelters are proposed, because the refusal to create additional shelters is the continued cause of the City's reliance on service lacking expensive options, like for-profit hotels, motels, and Three Quarters Housing.

Resolution 1035-2016 calling for the NYS Office of Temporary Disability and Assistance to raise the shelter allowance acknowledges the broader issue at play and we support its passage. We also support additional efforts that the City can take on its own to ensure that New Yorkers have access to adequate housing. This involves making sure that the shelter system is equipped to meet the needs of persons who need immediate placement in a safe environment in an

emergency as well as ensuring that the supply and quality of deeply affordable housing is available to persons experiencing and at risk of homelessness. Such steps include but are not limited to:

- 1) Fully funding and implementing New York City's commitment for the creation of 15,000 supportive housing units
- 2) Maximizing the number of housing placements available to homeless New Yorkers in NYCHA Public Housing , including for single homeless adults who are currently excluded from the emergency priority for homeless people
- 3) Increase the number of Section 8 vouchers administered by HPD and NYCHA available to homeless New Yorkers
- 4) Ensuring that new affordable housing development contains units set aside for homeless New Yorkers and that every effort is made to increase the total number of units affordable to persons earning less than 30% of Area Median Income
- 5) Addressing funding shortfalls for DHS shelter contracts to improve shelter conditions and fully implement the reforms outlined in DHS's 90-day review of homeless services. This is necessary to improve services and conditions in shelters thereby improving client experience and allaying the fears of persons who may otherwise turn to Three Quarters Housing
- 6) Improving targeting and design of rental assistance programs to ensure homeless prevention programs, providers serving homeless youth, and others have the tools necessary to help New Yorkers identify and maintain appropriate housing. Examples include implementing the proposed reform to make residents of DYCD shelter for homeless youth eligible for City sponsored rental subsidies as well as providing tools to enforce tenant protection provisions of the LINC and CityFEPS programs concerning lease renewals and re-certifications.
- 7) Supporting the creation and funding of purpose built shelters in neighborhoods throughout New York City to right-size the shelter system and ensure that quality shelter services are available to all New Yorkers who need them

HSU applauds the Council's efforts to support tenants living in the shadows in inadequate housing and looks forward to working with you to holistically address homelessness and housing instability.



**FOR THE RECORD**

**Testimony at City Council Hearing on  
Three Quarter Housing**

**Susan Gottesfeld**

**Executive Vice President**

**Osborne Center for Justice Policy and Practice**

**The Osborne Association**

Good afternoon. My name is Susan Gottesfeld and I am the Executive Vice President of the Osborne Association. The Osborne Association is a 95 year old justice agency serving people at all stages of justice involvement with alternatives to incarceration, reentry services, and family support. I am here today with the Three-Quarter House Reform Coalition. As one of the largest service providers on Rikers Island and working with men and women as they return to the community for our City's jails, we know the daily struggle people in reentry have with housing. Most of the people we assist in coming home need housing, preferring to start with transitional and eventually obtain permanent housing. Most of them are afraid to go to our City's shelters and would choose to sleep on the train, which is now illegal, or on the street rather than go back to a shelter or enter one for the first time.

In the face of this high level of need for decent accommodation, regulated and monitored three quarter housing presents sometimes as the only option to the people we serve, particularly those who are working. We understand the Mayor and City have plans to increase affordable, supportive and permanent housing, which is wonderful, but there is a place for every kind of housing and an urgent need now.

Ms. J, who we met through our work on Rikers Island, came from Rikers to our Brooklyn office on the day of her release. She was homeless and had been in a shelter some time prior to her detention on Rikers. In that shelter placement, she was attacked by another resident. She was terrified to return to that shelter, but was unable to get a transfer to another shelter without first returning there. Without knowing if her attacker remained at the shelter, she told us she would sleep on the street. This would obviously put her at increased risk for harm, for re-arrest and return to jail. Between our emergency fund and some money from her family, as well as the coming promise of her public benefits, we were able to secure her a place in a three quarter house, which we had visited initially and continued to visit on a regular basis.

In summer 2015, when the Comptroller and HRA began visiting and shutting down three quarters homes, Ms. J was relocated to a hotel without warning. While the accommodation in the hotel was comfortable for her, she was unable to cook and ran out of her food assistance before the month ended. She was forced to spend her small amount of cash and benefits on fast food meals, instead of food that she can keep and cook herself. If you ask Ms. J. which housing option would have worked best for her – the shelter, the jail, the three quarter house, or the hotel – she would have chosen the three quarter house, but would have wished it had a few less people and was kept a bit cleaner.

Ms. J's experience in the three quarter house was not so bad. However, over the years, we have met many people and heard many stories from them about living in highly unacceptable three quarter housing environments with severe overcrowding, rampant substance use, and unfair or abusive treatment by housing managers. We have been able to refer those folks in years past to better three quarter options, shelter, or supportive or permanent housing.

My point is that three quarter housing conditions run the gamut, which is what happens with businesses when there is no standard and now oversight. Our City successfully regulates restaurants with a rating system. Those inspected and rated a B are cited, fined and given a chance to improve. Those rated C, are closed, temporarily or permanently. Why not apply a system of regulation to three quarter houses? Why not let the managers compete for an A grade, which would result in a full house? The option to shut them down would always be there. Currently, shutting them down and abruptly relocating folks is our City's only option. This singular option eliminates choice for people like Ms. J. HRA can identify where many of these houses are, by running addresses of benefits recipients and seeing which location have many recipients co-residing.

Regulations should include safety inspections for building conditions, occupancy, and sanitary standards. Regulations should also include policy reviews such as requiring participants to be enrolled in treatment, and particularly to be enrolled in services with specific treatment providers. Bill Intro 1168 would make it illegal for landlords to force or pressure tenants to undergo or give up medical treatment or discriminate against them on that basis (with exceptions for properly state-licensed residential treatment programs). Many three-quarter house operators base their business model in the forced treatment of tenants, which is neither clinically appropriate for people, but also is a model for coerced and/or fraudulent services.

Legalizing and regulating three quarter housing is a viable option for our City to meet the transitional housing needs of the folks we serve. We urge the Council to consider Bill Intro 1168 and other proposed regulations to the three quarter housing.

TESTIMONY

ON

Intros. 1164-2016, 1166-2016, 1167-2016, 1168-2016, 1171-2016

PRESENTED BEFORE:

NEW YORK CITY COUNCIL

PRESENTED BY:

ENRIQUE ROJAS

REENTRY SERVICES MANAGER

THE WOMEN'S PRISON ASSOCIATION

October 6, 2016

Good afternoon. My name is Enrique Rojas and I am the Reentry Services Manager at the Women's Prison Association. Thank you for the opportunity to speak in favor of the package of three-quarter house bills today.

The Women's Prison Association is a 170 year old social services organization that provides assistance to formerly incarcerated women. We work with women at all stages of criminal justice involvement. We promote alternatives to incarceration and help women living in the community to avoid arrest or incarceration by making positive changes in their lives. Inside prison and jail, we are a source of support to women and a resource to them as they plan for release. After incarceration, women come to WPA for help to build the lives they want for themselves and their families in the community.

(Please read the attached leaflet for a list and description of WPA programs)

WPA is concerned about the quality of housing available to women coming out of prisons and jails. In our experience, housing is a key component of successful reentry following incarceration. Part of our work is helping women to find safe, decent, affordable, and permanent housing. Housing placement is challenging, given the dearth of housing in New York City for very low income people. Some of the women we work with resort to living in three-quarter houses, because they have no other housing options. We hear from our clients that in three-quarter houses, they often endure unsafe conditions, harassment and evictions without notice, and little privacy.

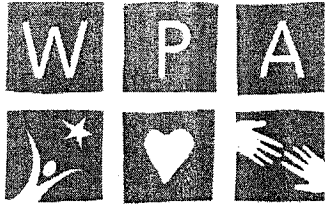
I recently enrolled a client into our program and she is constantly being harassed by the landlord. He has asked her to vacate the room she is occupying by November first. He has told her, he has someone who is going to pay him \$800 a month for the room. The woman is on Public Assistance and pays her rent on time but can't afford to pay more. For several weeks she has been sick and emotionally drained due to the stress caused by the uncertainty of her living situation.

At WPA, we help link women coming out of incarceration to educational and job training programs. We are concerned that program attendance requirements imposed by three-quarter house landlords can interfere with our clients' ability to participate in programs that could help them achieve job readiness and eventually financial independence. In our view, one size does not fit all. While our clients' needs vary, some of the three-quarter houses mandate all of their residents to engage in the same treatment, regardless of whether it would be beneficial to them. This is not the proper role of a landlord.

These five bills would help our clients living in three-quarter houses by helping to ensure that they know their rights, by enabling them to resist forced treatment, providing information publicly about inspections and relocations, and for those in the worst houses, by facilitating access badly needed relocation services following vacate orders.

We also support the Speaker's resolution calling on New York State to raise the shelter allowance, which is a paltry sum that is entirely inadequate in New York's rental market.

We urge the Council to pass these bills. Thank you very much.



WOMEN'S PRISON ASSOCIATION

## WPA Program Descriptions and Contact Details

WPA's client services are organized into four broad categories:

1. Children and family services
2. Alternative to incarceration
3. Reentry services
4. Public policy and advocacy

### CHILDREN AND FAMILY SERVICES

**Sarah Powell Huntington House** is WPA's homeless shelter for formerly incarcerated and at-risk women and their children. Since 1993, this unique residence has given recently reunified families the chance to access services designed to promote long-term health, stability, and self-sufficiency. WPA staff work with families to achieve goals such as securing safe and stable housing, enrolling in school, seeking employment, finding a healthcare provider, and managing the full range of day-to-day household and family challenges. Kids get homework help and recreational activities through WPA's youth services.

Contact: Thomas Phillips, Program Director at 646.292.7710 or [tphillips@wpaonline.org](mailto:tphillips@wpaonline.org)

The **Family Treatment Rehabilitation Program** provides intensive home-based preventive services for families at risk of having children placed in foster care due to family instability related to Mom's drug use and/or mental illness. The program aims to strengthen families by working with Mom to treat mental illness and get drug free while managing her children's needs and day-to-day home life such as getting kids ready for school, ensuring a good breakfast, dressing them in weather-appropriate clothes and getting to school on time. These services are based in East New York and Brownsville, neighborhoods characterized by societal barriers that impede successful family connectedness, stability and functioning, such as low educational attainment and high rates of poverty, unemployment and drug use.

Contact: Jennifer Schultz, Program at 347.227.4238 or [jschultz@wpaonline.org](mailto:jschultz@wpaonline.org)

### ALTERNATIVE TO INCARCERATION

**JusticeHome** is a unique, community-based program designed specifically for women who are facing a minimum of six months of incarceration as a result of felony charges. WPA staff assesses a woman's specific risks and strengths, promotes healthy coping strategies to address histories of trauma and employs evidence-based cognitive behavioral group interventions. The program features additional opportunities to benefit families and communities including intensive home-based interventions, ongoing assessments of child and family well-being and the promotion of positive parenting skills. Women facing a minimum of six-months of incarceration as a result of felony charges (Class B (non-predicate and predicate), Class C (non-predicate and predicate), and Class D predicate felony charges with some non-violent Class A (non-predicate) felonies). WPA will accept women from across the New York State court systems in the City, with a focus on women involved in Brooklyn, the Bronx, and Manhattan courts. Average participation is 6-8 months.

Contact: Eric Grossman, Program Director at 929.364.6387 or [egrossman@wpaonline.org](mailto:egrossman@wpaonline.org)

## **REENTRY SERVICES**

**Community Linkage Unit (CLU)** staff conducts outreach to service providers across New York City to identify women who could benefit from our programming and services. They also provide case management to women with histories of criminal justice involvement, working collaboratively with women to define their short- and long-term goals, and help women implement plans to achieve those goals.

Contact: Enrique Rojas, Reentry Services Manager at 646.292.7724 or [erojas@wpaonline.org](mailto:erojas@wpaonline.org)

**HIV Services** ensure that women have access to HIV testing, health care and the information they need to protect themselves and partners. In Taconic and Bedford Hills Correctional Facilities, WPA offers educational services and trains women to be peer educators on HIV and other health issues.

Contact: Eric Grossman, Program Director at 929.364.6387 or [egrossman@wpaonline.org](mailto:egrossman@wpaonline.org)

**Emergency Assistance** includes emergency food, hygiene supplies, emergency shelter assistance and Metrocards for travel to critical services.

**WPA Law Project** staff offer on-site legal services, primarily in family law, including child custody cases. WPA also offers assistance in understanding and navigating other civil legal issues clients may encounter, including employment and housing discrimination and domestic violence.

Contact: Ellen Rosenberg, Esq., Program Director, 646.292.7729 or [erosenberg@wpaonline.org](mailto:erosenberg@wpaonline.org)

**Case Management** staff work collaboratively with women to define their short- and long-term goals and create action plans to achieve them.

**WomenCare** pairs WPA clients with volunteer mentors from the community. By strengthening each woman's network of pre- and post-release support, the program helps participants successfully return to their communities and establish law-abiding lives. The WomenCare program operates in the Rikers Island's Rose M. Singer Center, Taconic and Bedford Hills Correctional Facilities.

**Hopper Home Transitional Shelter** is a 36-bed homeless shelter for women with or at risk for criminal justice involvement. The program provides transitional housing and case management to help women identify permanent community housing. WPA staff help women achieve long-term stability through access to mental health services, education, sobriety, stable housing, employment and reunification with their children.

Contact: Sharon White-Harrigan, Program Director at 646.292.7750 or [whiteharrigan@wpaonline.org](mailto:whiteharrigan@wpaonline.org)

## **PUBLIC POLICY & ADVOCACY**

**Women's Leadership & Media Project** is a 12-week training program for formerly incarcerated women and their community allies who seek to achieve criminal justice reform for women and their families through written and visual media engagements.

Contact: Diana McHugh, Director of Communications at 646.292.7753 or [dmchugh@wpaonline.org](mailto:dmchugh@wpaonline.org)

**Testimony of Dennis Illery**  
**Former recipient of relocation services and former tenant of vacated three-quarter house**

**In support of Intros. 1171 and 1168**  
**Before the Joint Hearing of the Committee on Housing and Buildings**  
**and Committee on General Welfare**

**October 6, 2016**

My name is Dennis Illery. I am sixty-five years old and I have a heart condition and Bell's palsy.

In early 2010, I was living in a three-quarter house located at 86 Barbey Street in Brooklyn. The conditions were extremely overcrowded and unsanitary.

After the city placed a vacate order, the Fire Department sent me to a hotel and put me in touch with the Red Cross. They sent me to 100 Gold Street, where I applied for relocation services. HPD staff asked my landlady to verify that I had been living at the building. The landlady refused to provide that letter. She was secretly moving people back into the building even though there was still a vacate order. HPD said there was nothing they could do without the letter. I don't understand why HPD would require paperwork from a landlady who had broken the law. Because of this requirement, I was unable to obtain relocation services until I met a legal advocate several months later.

After my lawyer wrote letters on my behalf, I obtained relocation services in September 2010, seven months after my building was vacated. Thanks to relocation services, I was able to escape an unsafe, overcrowded three-quarter house that had been vacated. And I was able to obtain safe secure housing in a New York City Housing Authority apartment, where I have been living for the past four and a half years.

It's hard for three quarter house tenants to get all the documents HPD requires to prove we lived at the address. Most of us don't have leases or bank statements or electric bills in our names.

If HPD's new 90 day deadline to apply for relocation services had been in place at the time I reapplied, I could not have obtained the services. I would have had to stay in an unsafe, vacated building or I would have wound up on the street.

I hope you will pass these bills. They will help people who live in terrible situations who need relocation services.





**L E G A L**

**S E R V I C E S**

**INCORPORATED**

**TESTIMONY**

**ON**

**Intros. 1164-2016, 1166-2016, 1167-2016, 1168-2016, 1171-  
2016 and Resolution 1035-2016.**

**(Three-Quarter House bills)**

**PRESENTED BEFORE:**

**NEW YORK CITY COUNCIL'S COMMITTEE ON HOUSING AND  
BUILDINGS AND COMMITTEE ON GENERAL WELFARE**

**PRESENTED BY:**

**TANYA KESSLER  
SENIOR STAFF ATTORNEY  
MFY LEGAL SERVICES, INC.**

**OCTOBER 6, 2016**

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**MFY LEGAL SERVICES, INC., 299 Broadway, New York, NY 10007  
212-417-3700 [www.mfy.org](http://www.mfy.org)**

MFY Legal Services, Inc. (MFY) submits this testimony to the New York City Council in support of the package of bills – Intros 1164-2016, 1166-2016, 1167-2016, 1168-2016, 1171-2016, and Res. 1035-2016 - that will help three-quarter house tenants obtain services and enforce their rights.

MFY envisions a society in which there is equal justice for all. Our mission is to achieve social justice, prioritizing the needs of people who are low-income, disenfranchised or have disabilities. We do this through providing the highest quality direct civil legal assistance, providing community education, entering into partnerships, engaging in policy advocacy, and bringing impact litigation. We assist more than 20,000 New Yorkers each year.

Since 2009, MFY's Three-Quarter House Project has provided assistance and representation to tenants of illegal boarding houses known as "three-quarter houses." MFY has convened the Three-Quarter House Reform Coalition<sup>1</sup> to envision and secure meaningful changes in the policies that have contributed to the growth of the three-quarter house industry.

**Today, there are at least 400 three-quarter houses operating in New York City.**

"Three-quarter houses" or "sober homes" are private housing operated by unscrupulous and abusive landlords who falsely pose as social service providers, luring desperate homeless people into dangerous, overcrowded buildings where they are exploited for their government benefits. When MFY first undertook this specialized housing work in September 2009, the Coalition for the Homeless had published a report with a list of sixty-two houses citywide.<sup>2</sup> Since then, that list has mushroomed to at least 400 such substandard housing facilities. And these are only the three-quarter houses that we have learned about. We believe that there are many more and that their numbers are continuing to grow.

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<sup>1</sup> Three-quarter House Reform Coalition members include MFY Legal Services, Neighbors Together, BOOM! Health, Brooklyn Defender Services, Center for Court Innovations, Center for Employment Opportunities, Community Service Society, Correctional Association NY, Federal Defenders, The Fortune Society, Greenhope Services for Women, Legal Action Center, Legal Aid Society, Neighborhood Defender Services, New York City Anti-Violence Project, Office of the Appellate Defender, The Osborne Association, The Prisoner Reentry Institute at John Jay College, The Three-Quarter House Tenant Organizing Project, and VOCAL New York.

<sup>2</sup> Coalition for the Homeless, *Warehousing the Homeless: The Rising Use of Illegal Boarding Houses to Shelter Homeless New Yorkers* (hereinafter "Warehousing the Homeless") 2 (January 2008), available at [http://coalhome.3cdn.net/ddc8dd543ded03ff12\\_lpm6bh1cr.pdf](http://coalhome.3cdn.net/ddc8dd543ded03ff12_lpm6bh1cr.pdf).

Our clients are referred to three-quarter houses from jails, prisons, parole programs, substance abuse treatment programs, hospitals, and soup kitchens. Although the New York City Department of Homeless Services (DHS) successfully reduced referrals to unsafe three-quarter houses by City shelters, at root the three-quarter house industry has continued to flourish because of the lack of truly affordable housing in New York City combined with a severe shortage of meaningful housing assistance for very-low-income single adults without children. The industry's existence is a symptom of the affordable housing crisis—an epidemic that has left very low-income single adults without any viable alternative or pathway to stable housing.

Since we started our Three-Quarter House Project in 2009, the three most common issues raised by our clients have been unsafe conditions, forced treatment, and illegal evictions. The proposed bills each touch on these critical issues. The speaker's resolution calling on the State to increase the public assistance shelter allowance gets to the very reason three-quarter housing exists: the utter unaffordability of housing in NYC for a single adult who relies on a paltry state subsidy of \$215 a month for rent.

### **Forced Treatment**

Three-quarter houses stand out from other types of housing for low-income people in that they claim to be service providers, despite the fact that they have no government license or funding — much less any expertise - to provide supportive or programmatic housing. Integral to their pretense that they are programmatic housing is their frequent practice of mandating that tenants attend outpatient substance abuse services. Tenants are forced not just to obtain treatment generally, but to attend outpatient services at a particular provider. The penalty for failure to comply is immediate eviction. Tenants are often required to bring back slips from the providers to prove that they attended. The penalty for failure to comply is immediate eviction. If they are already enrolled in a treatment program that is working for them, they are forced to switch to the provider chosen by their landlord. They are often forced to attend treatment even if they do not have a history of substance use. When and if they complete the treatment program, they are swiftly evicted from their housing.

The reason for the landlords' draconian enforcement of treatment rules is not concern for tenants' health or sobriety, but because many three-quarter house operators receive kickbacks from treatment providers in exchange for steering Medicaid-billable patients their way.

In 2014, the City's biggest three-quarter house operator, Narco Freedom, was indicted for a kickback scheme.<sup>3</sup> In 2016, another major three-quarter house operator, Yury Baublitz, was arrested and charged with fraud, after an expose in the *New York Times* revealed that he was advising tenants to relapse, in order to maintain eligibility for outpatient treatment, and thereby avoid immediate eviction.<sup>4</sup> In 2013, the New York Service Network, a treatment provider, was briefly shut down after it was investigated for a similar scheme and after ProPublica reported that former employees had filed complaints about kickbacks and other wrongful practices.<sup>5</sup>

No person should have to hand control over their body and health to a landlord in order to keep a roof over their head. Yet that is exactly the choice with which three-quarter house tenants are faced. Landlords are not doctors and have no business dictating tenants' medical treatment.

Despite a growing number of media exposés and legal actions, the practice of forcing tenants to attend treatment programs continues. We applaud the actions taken in the past few years by the U.S. Attorney, New York State Attorney General and District Attorneys, but given the extensive time and resources necessary for enforcement agencies to investigate and bring action, and the immediate jeopardy tenants face if they refuse to comply with landlords' demands, tenants need a mechanism to challenge this practice firsthand.

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<sup>3</sup> "A.G. Schneiderman Announces Arrest And Indictment Of Nonprofit Executives Charged In Kickback And Insurance Fraud Schemes," October 22, 2014, available at: <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-arrest-and-indictment-nonprofit-executives-charged-kickback>; see also Ben Kochman and Stephen Rex Brown, *Cops Arrest Executives at City Rehab Chain Narco Freedom on New Charges*, Daily News, March 18, 2015 <http://www.nydailynews.com/new-york/bronx/cops-arrest-execs-city-rehab-chain-narco-freedom-article-1.2154002>

<sup>4</sup> Kim Barker, *A Choice for Recovering Addicts: Relapse or Homelessness*, New York Times, May 31, 2015 <http://www.nytimes.com/2015/05/31/nyregion/three-quarter-housing-a-choice-for-recovering-addicts-or-homelessness.html>; Kim Barker, *Flophouse Operator Is Arrested in a Scheme to Defraud Medicaid*, New York Times, April 13, 2016 <http://www.nytimes.com/2016/04/14/nyregion/flophouse-operator-is-arrested-in-a-scheme-to-defraud-medicare.html>

<sup>5</sup> Jake Bernstein, *Inside a New York Drug Clinic Allegations of Kickbacks and Shoddy Care*, ProPublica, September 9, 2013 <http://www.propublica.org/article/inside-a-new-york-drug-clinic-allegations-of-kickbacks-and-shoddy-care>; Jake Bernstein, *In Turnabout, N.Y. Moves to Shut Troubled Rehab Clinic*, ProPublica, May 1, 2014 <https://www.propublica.org/article/in-turnabout-n.y.-moves-to-shut-troubled-rehab-clinic>

Intro. 1168 would prohibit landlords from forcing tenants to give up their current medical (including substance abuse) treatment, or force them to engage in new treatment in order to maintain the roof over their heads. The definition of harassment in the Housing Maintenance Code would be expanded to include forced medical treatment, enabling tenants to challenge such a mandate from their landlord in a Housing Court Housing Part (HP) action. Intro. 1168 would help prevent Medicaid fraud and illegal evictions, and enable three-quarter house tenants to enjoy the self-determination in medical decision-making that most New Yorkers take for granted.

We suggest an amendment to the language of Intro. 1168 to clarify that the bill is not intended to reduce or limit the existing rights of any occupant of any dwelling. We propose adding language at the end of § 27-2009.2 to the effect of "nothing in this section shall be construed to reduce or limit the existing rights of any occupant of any dwelling, including but not limited to dwellings affected by the above exceptions." This language will help ensure that the facilities that are excepted from the provisions of the law will not try to use the new law to justify forced treatment.

### **Hazardous Conditions**

Virtually all of MFY's three-quarter house clients report hazardous living conditions such as extreme overcrowding, no heat or hot water in cold weather, and vermin infestation. HPD and Department of Buildings records confirm that such violations are widespread in three-quarter houses.<sup>6</sup> Sleeping rooms are often crammed with two to four bunk beds for up to eight individuals, impeding access to doorways and windows. Closets and kitchens are turned into bedrooms. Prevalent substandard conditions also include jury-rigged electrical wiring, plumbing back-ups, and buildings with no fire escapes or sprinklers housing dozens of tenants. In the last several years, at least four three-quarter houses in which clients of MFY resided were damaged or destroyed by fires, resulting in the displacement of numerous tenants. Many other MFY clients

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<sup>6</sup> Prisoner Reentry Institute, John Jay College of Criminal Justice, *Three Quarter Houses: The View from the Inside* (hereinafter "PRI Report") 6-7 (October 2013), available at <http://johnjayresearch.org/pri/files/2013/10/PRI-TQH-Report.pdf>, citing an analysis by the Furman Center for Real Estate and Urban Policy, finding that of 317 known three quarter house addresses, 88% had a building code complaint between 2005 and 2012 that resulted in at least one violation or stop-work order by the New York City Department of Buildings.

have been displaced by City-issued vacate orders based on hazardous overcrowding, structural damage, illegal occupancy, or other dangerous conditions.

Three of the bills before the Council address hazardous conditions: Intros 1167 and 1171 would enable three-quarter house tenants whose buildings were vacated to more easily access relocation services. Intro. 1166 would require the City Taskforce on Three-Quarter Houses to regularly report data on its inspections and relocations to the Council.

### **Relocation Services**

Three-quarter house tenants are often afraid to report hazardous conditions to the City because they do not want to wind up on the street. Because of the obstacles to obtaining relocation services, those fears are unfortunately well-founded. The two chief obstacles are (1) HPD's requirement of extensive documentation of a displaced person's residence in the vacated building, and (2) HPD's newly-imposed 90-day deadline to apply for relocation services, which was just adopted last year.<sup>7</sup> Both of these requirements bar many displaced people from receiving necessary services, and they fall especially hard on three-quarter house tenants.

In order to prove their residence in a vacated building, HPD requires displaced people to produce either a current lease or a notarized letter from the building's owner. (A copy of HPD's "Documentation Checklist" is attached to this testimony.) MFY has never had a three-quarter house client who was able to meet this requirements. Three-quarter house tenants rarely have leases. Their landlords frequently are lessees of the building, not the property owners, and they are rarely cooperative after a vacate order. Three-quarter house landlords who rely on overcrowding (in order to maximize rent revenue) and plan to illegally re-let vacated beds are unlikely to speak to a code enforcement agency or confirm the number of prior residents in their building.

For displaced people who cannot provide a lease or notarized landlord letter, HPD requires that

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<sup>7</sup> 28 RCNY § 18-01(b)(1)(i)

they provide an additional 3 documents from the Document Checklist (1 document from List A and 2 from List B), such as bank account or credit card statements, cell phone bills, auto or renter's insurance, or voter registrations. Three-quarter house tenants, again, are unlikely to have these documents (indeed, people who are on parole—as are many three-quarter house residents—are not even permitted to vote in New York State).

Intro 1171 would expand the list of acceptable documents to those more useful to marginalized tenants (and, indeed, any tenant who has lost documents in a fire or other building disaster), including medical documents, letters from nonprofit service providers, or mail addressed to the tenant.

HPD's 90-day deadline for relocation assistance applications ignores landlords' practice – common everywhere and practically routine in three-quarter houses – of quickly re-renting vacated buildings without correcting violations or having vacate orders lifted. In our experience, three-quarter house operators routinely evade enforcement of vacate orders and notices of serious violations. The operators warn residents against answering the door to NYC inspectors. When ordered by city agencies to reduce the number of occupants, the operators comply only briefly, but then reassemble the bunk beds and fill them again as quickly as they can. We have seen three-quarter house operators re-rent rooms to new tenants while vacate orders are still in place. Residents often remain in possession and continue to pay rent without ever learning that there is vacate order at the premises or that they may be entitled to relocation services from HPD. We have met former tenants living on the street who came home one day to find a vacate order had been placed, but did not learn of the existence of relocation services until months later. All of these tenants are denied relocation services because of HPD's 90-day deadline. The deadline was adopted over strenuous objection from tenants and advocates, who warned that it played into the hands of landlords taking advantage of lax post-vacatur enforcement to operate rental properties effectively outside of the law.

Intro 1167 would lift the 90-day deadline to apply for relocation services, opening the door once again to New York's most marginalized tenants, who often are forced to live in the most dilapidated buildings and are most vulnerable to unscrupulous landlords.

When a three-quarter house resident loses her housing due to an illegal eviction or an order to vacate from the City, the resident is often spun into a cycle of crisis that can lead to relapse, reincarceration, and/or homelessness. However, when a three-quarter house is vacated by the City and the resident receives HPD relocation services, the tenant can achieve refuge, safety, privacy, and dignity. Intros. 1167 and 1171 would enable vacated three-quarter house tenants to more easily access the services they are entitled to, services that can help them put housing instability behind them.

MFY also encourages the Council to amend Intro. 1171 to require HPD to provide written decisions to applicants for relocation services. In our experience, HPD does not do this, and as a result, many displaced tenants are unsure of the status of their applications, and lack the clear notice necessary to appeal a denial. We propose the following amendment to Intro. 1171: Add 26-301(7)(c): "The department of housing preservation and development shall provide all applications for relocation services with a written statement of its determination of the application, clearly stating the basis for the determination and advising the applicant of appropriate avenues for reconsideration or appeal." Providing decisions in writing would cost nothing, and should be HPD's standard practice.

### **The Taskforce on Three-Quarter Houses**

Mayor de Blasio's creation of a Task Force on Three-Quarter Housing to address hazardous conditions in three-quarter houses has proven a valuable resource to tenants living in dangerously overcrowded conditions. The Task Force has identified some of the City's most overcrowded three-quarter houses and has relocated scores of tenants to safer housing. With the announcement of the emergency Special Exit and Prevention Supplement ("SEPS") Program, the City has been able to transition relocated tenants to stable permanent housing that they can afford—a crucial opportunity otherwise unavailable for the affected tenants. The City's efforts to identify and address exploitation within the three-quarter house industry are unprecedented and have been welcomed by advocates and tenants alike.

We believe that the information gathered by the Task Force is critical to understanding the scope of the problem and assessing solutions. Intro 1166 will make this data available to the Council



and the public,<sup>8</sup> enabling government officials, advocates, and tenants alike to better respond to the ever-changing three-quarter house industry.

### **Unlawful Evictions**

The prevalence of unlawful evictions in three-quarter houses has been documented in the media, published reports,<sup>9</sup> and legal decisions.<sup>10</sup> The devastating effects that an eviction on a moment's notice wreaks on a tenant struggling to rebuild her life are unimaginable for those who have never been unlawfully evicted. Tenants frequently lose all or most of their belongings, their documents, their ability to maintain participation in medical, mental health, and/or substance abuse treatment, in job training programs, their ability to comply with parole directives requiring them to be at their present address at curfew. Their life is simply thrown into chaos. Many three-quarter house tenants – and other low-income tenants – are not aware that, under the state Real Property Actions and Proceedings Law and the city Unlawful Eviction Law, they have the right not to be evicted without notice and court process, including the opportunity to raise defenses and tell their side of the dispute. Intro 1164 will require the Human Resources Administration (“HRA”) to provide information about this right to all tenants receiving the public assistance shelter allowance. In the past year, HRA conducted a successful, though smaller, effort to educate tenants of collapsed three-quarter house provider Narco Freedom. That experience demonstrated that HRA is uniquely well-positioned to reach vulnerable tenants and that knowledge of the right against illegal eviction can be a powerful tool to help three-quarter house residents stand up to landlord abuses.

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<sup>8</sup> The data would be aggregated by neighborhood or zip code, so that individual names and addresses would not be made public.

<sup>9</sup> Prisoner Reentry Institute report, *supra* note 6 at 5-6. For background on policies that fed the growth of three quarter houses, *see* Coalition for the Homeless report, *supra* note 2 at 5-7.

<sup>10</sup> *See, e.g. Ross v. Baumblit*, 46 Misc. 3d 637, 995 N.Y.S.2d 488 (Civ. Ct., Kings Cty. 2014); *Shearin v. Back on Track Grp., Inc.*, 46 Misc. 3d 910, 997 N.Y.S.2d 227 (Civ. Ct., Kings Cty. 2014); *Cooper v. Back on Track Grp., Inc.*, 45 Misc. 3d 623, 994 N.Y.S.2d 251 (Civ. Ct., Kings Cty., July 25, 2014), Christine Simmons, *Parolee in Drug Treatment Program is Granted Rights of a Tenant*, N.Y. Law Journal, March 20, 2012; *NRI Group LLC v. Crawford, et al.*, 50 Misc.3d 1217(A), 2016 WL 526623 (Sup. Ct. N.Y. Cty. 2016).

## **Conclusion**

Intros 1164, 1166, 1167, 1168 and 1171 are important steps toward addressing some of the worst conditions and abuses that three-quarter house tenants endure: forced treatment, unsafe physical conditions, and unlawful evictions. Indeed, they were crafted based on tenants' and advocates' long experiences. In addition, Resolution 1035-2015 goes to the very root of the three-quarter house problem, which is a grossly inadequate shelter allowance rate that has not increased in over 28 years, leaving low-income single adults shut out of the legitimate housing market.

We thank the sponsors, the Speaker, and the Committee Members for your leadership on these issues and we urge the Council to pass these important bills.

**DOCUMENTATION CHECKLIST**

Relocatee(s) must present proof of residency of the vacated unit and address in order to be eligible for HPD shelter and relocation services. Below is a list of acceptable documents to establish identity and residency.

**IDENTITY**

To establish identity, all relocatee(s) over the age of 18 must present one of the following:

- Driver's License
- State ID
- Passport
- Other Photo ID

**For School Aged Children**

- Birth Certificate or letter from Pediatrician
- Letter from school listing address
- Proof of Legal Guardianship

**For Pre-School Aged Children**

- Birth Certificate or letter from Pediatrician
- Proof of Legal Guardianship

**RESIDENCY**

To establish proof of residency, Relocatee/Head of Household must present:

- Verifiable Current Lease
- Notarized letter from Property Owner of Record with verifiable contact information.

If Relocatee(s) cannot provide a lease or notarized letter from the owner, Relocatee(s) must instead present one (1) document from List A and two (2) documents from List B (**with address information printed on documents**) to establish residency.

LIST A	LIST B
<input type="checkbox"/> Residential Utility Bill (within 60 days of vacate order effective date or date of fire) <input type="checkbox"/> Documentation of letter on letterhead from a federal, state or local agency (within 60 days of vacate order effective date or date of fire) <input type="checkbox"/> Official payroll documentation from an employer such as a form submitted for tax withholding purposes; or payroll receipt. <input type="checkbox"/> Section 8 Voucher	<input type="checkbox"/> Cell Phone Bill (internet copy not accepted) <input type="checkbox"/> Credit Card Statement <input type="checkbox"/> Voter's Registration Card <input type="checkbox"/> Current Auto Insurance or Renter's Insurance (within 60 days of vacate order effective date or date of fire) <input type="checkbox"/> Bank Statement

**ALTERNATE FORMS OF DOCUMENTATION MUST BE REVIEWED  
 BY UNIT SUPERVISOR FOR ACCEPTABILITY**

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1164-71 Res. No. 1035  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: TANYA KESSLER

Address: \_\_\_\_\_

I represent: MFY LEGAL SVCS

Address: 299 BROADWAY 10007

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1164-1171 Res. No. 1035  
 in favor  in opposition

Date: 10/6/16

(PLEASE PRINT)

Name: Amy Blumsack

Address: 2094 Fulton St, Brooklyn NY 11233

I represent: Neighbors Together

Address: same as above

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 10-6-16

(PLEASE PRINT)

Name: LUCIE SOHANI

Address: 1122 Linden St, Apt 2, Bx 5

I represent: VOCA/NT, FIN Plaza #100007

Address: 1122 Linden St, Brooklyn

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 10/16/16

(PLEASE PRINT)

Name: Carol Kessler

Address: 1116 50 St Apt Bklyn NY 11219

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 10/6/16

(PLEASE PRINT)

Name: Anne Marie Hernandez

Address: 100 Gold St.

I represent: HPA

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1168 Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 10/16/16

(PLEASE PRINT)

Name: Susan Gottesfeld

Address: 175 Remsen St, Bk, NY 11201

I represent: Osborne Association

Address: 175 Remsen St, Bk, NY, 11201

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Mindy Tarlow

Address: \_\_\_\_\_

I represent: Mayor's Office of Operations

Address: 253 Broadway

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Giselle Routhier & Joshua Goldfein

Address: \_\_\_\_\_

I represent: Coalition for the Homeless & Legal Aid Society

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1166, 1167, 1168, 117, Res. Res. No. \_\_\_\_\_

in favor  in opposition

Date: October 6, 2016 1035

(PLEASE PRINT)

Name: Constance Lesold

Address: 4521 CHERCH AVE., BKLYN, NY

I represent: BKLYN MENTAL HYGIENE COURT 11203

Address: MONITORS PROJECT

(AS ABOVE)

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: ENRIQUE ROJAS

Address: 347 E. 10<sup>th</sup> ST NY NY

I represent: THE WOMEN'S PRISON ASSOCIATION

Address: SAME AS ABOVE

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: STEVEN BANKS

Address: HRA/DSS

I represent: Commissioner

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1164-71 Res. No. \_\_\_\_\_

in favor  in opposition

Date: OCT. 6 2016

(PLEASE PRINT)

Name: ALLISON WILKEY, JOHN JAY COLLEGE

Address: 524 W 59<sup>th</sup>, BRU 6098

I represent: PRISONER REENTRY INSTITUTE

Address: 524 W. 59<sup>th</sup>, BRU 6098

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Anthony Coleman

Address: 1118 36 st

I represent: TOP Organization

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10-6-16

(PLEASE PRINT)

Name: Wendy O'Shields

Address: \_\_\_\_\_

I represent: Safety Net Activists

Address: 40 Rector Street

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Brenda Riley

Address: 150 Linden St

I represent: Safety Net Activists

Address: 40 Rector St.

Please complete this card and return to the Sergeant-at-Arms